PUBLIC ACCOUNTS

2005 - 2006

Yukon
Finance

2007-00419

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF YUKON

for the year ended March 31, 2006

Finance

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Yukon
Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

October 27, 2006

The Honourable Geraldine Van Bibber
Commissioner of Yukon

In accordance with the provisions of section 8 of the *Financial Administration Act* (Yukon), I have the honour to submit herewith the Public Accounts of the Government of Yukon for the fiscal year ended March 31, 2006.

Dennis Fentie
Minister of Finance

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PUBLIC ACCOUNTS OF THE
GOVERNMENT OF YUKON

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PART ONE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Department of Finance maintains systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial resources and its cash flows for the year, in accordance with GAAP for the public sector. During the course of the audit, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation. After completion of the audit, the Auditor General of Canada includes additional information, comments and recommendations in her report to the Legislative Assembly.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee. The Public Accounts Committee is to report to the Legislative Assembly on the results of its examination together with any recommendations.

Bruce McLennan, CMA
Deputy Minister of Finance

August 31, 2006

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Legislative Assembly of Yukon

I have audited the consolidated statement of financial position of the Government of Yukon as at March 31, 2006 and the consolidated statements of operations, change in net financial resources, and cash flows for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2006 and the results of its operations, the change in its net financial resources, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Government and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Yukon Act* and the *Financial Administration Act* and regulations and the legislative authorities and by-laws governing the organizations listed in Note 2(a).

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
August 31, 2006

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GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2006

	2006	2005 (Restated - Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	$ 144,193	$ 67,311
Temporary investments (Note 5)	8,192	1,937
Due from Canada (Note 6)	57,359	71,549
Accounts receivable (Note 7)	10,693	12,867
Loans receivable (Note 8)	53,446	55,086
Inventories held for sale (Note 9)	12,494	19,389
Investment in government business enterprises (Note 10(a))	136,081	133,248
	422,458	361,387
Liabilities		
Due to Canada (Note 6)	12,466	11,945
Accounts payable and accrued liabilities (Note 11)	64,656	59,387
Deferred revenues	7,116	5,155
Post-employment benefits (Note 12)	49,918	48,394
Retirement benefits (Note 13)	31,926	29,381
Long-term debt (Note 14)	27,156	29,524
Capital lease obligations (Note 15)	6,831	10,393
	200,069	194,179
Net financial resources	**222,389**	**167,208**
Non-financial assets		
Tangible capital assets (Note 17)	871,185	821,571
Less deferred capital contributions (Note 18)	(453,137)	(428,529)
Inventories of supplies	5,018	4,905
Prepaid expenses	1,163	1,021
	424,229	398,968
Accumulated surplus	**$ 646,618**	**$ 566,176**

Contingencies, contractual obligations and guarantees
(Notes 10, 21, 23, 24, 25 and 27)

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:

Bruce McLennan, CMA
Deputy Minister of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations
for the year ended March 31, 2006

	2006		2005
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Canada	$ 602,109	$ 631,608	$ 558,062
Taxes and general revenues	85,683	86,076	78,927
Investment income	4,724	8,041	25,342
Funding and service agreements with other parties	27,751	23,551	19,514
Amortization of deferred capital contributions	14,222	13,541	13,102
	734,489	762,817	694,947
Expenses (Note 19)			
Health and social services	179,078	184,867	173,299
Community and transportation	173,449	141,317	154,201
Education	128,151	126,254	121,453
General government	90,370	95,570	94,879
Natural resources	64,182	59,968	56,885
Justice	39,884	40,188	38,620
Business, tourism and culture	35,735	33,033	30,505
Interest on loans	3,042	2,324	2,542
	713,891	683,521	672,384
Recovery of prior years' expenses	-	1,146	587
Surplus for the year	**$ 20,598**	**80,442**	**23,150**
Accumulated surplus at beginning of year (Note 3(a))		572,712	549,562
Prior year adjustment (Note 3(b))		(6,536)	(6,536)
Accumulated surplus at beginning of year, restated		566,176	543,026
Accumulated surplus at end of year		**$ 646,618**	**$ 566,176**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Change in Net Financial Resources for the year ended March 31, 2006

	2006		2005
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
		(thousands of dollars)	
Surplus for the year	$ 20,598	$ 80,442	$ 23,150
Effect of change in tangible capital assets			
Acquisitions	(86,647)	(89,611)	(50,193)
Capital contributions received	26,700	38,828	25,912
Amortization of tangible capital assets	31,698	36,037	36,264
Amortization of deferred capital contributions	(14,222)	(13,541)	(13,102)
Gain on sale of tangible capital assets	-	(594)	(51)
Proceeds on sale of tangible capital assets	-	3,416	1,524
Write-down of tangible capital assets	-	555	-
Write-down of deferred capital contributions	-	(96)	-
	(42,471)	(25,006)	354
Effect of change in other non-financial assets			
(Increase) in inventories of supplies	-	(113)	(528)
(Increase) decrease in prepaid expenses	-	(142)	43
	-	(255)	(485)
Increase (decrease) in net financial resources	**$ (21,873)**	**55,181**	**23,019**
Net financial resources at beginning of year (Note 3(a))		173,744	150,725
Prior year adjustment (Note 3(b))		(6,536)	(6,536)
Net financial resources at beginning of year, restated		167,208	144,189
Net financial resources at end of year		**$ 222,389**	**$ 167,208**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flows
for the year ended March 31, 2006

	2006	2005 (Restated - Note 3(a))
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Canada	$ 649,542	$ 549,483
Taxes and general revenues	88,781	89,486
Funding and service agreements with other parties	26,432	18,085
	764,755	657,054
Cash paid for:		
Salary, wages and benefits	304,696	281,042
Transfer payments	96,628	97,876
Other expenses	234,730	236,166
	636,054	615,084
Cash provided by operating transactions	128,701	41,970
Capital transactions		
Acquisition of tangible capital assets	(84,543)	(48,371)
Contributions received for acquisition	35,509	20,617
Proceeds on sale of tangible capital assets	759	1,526
Cash used for capital transactions	(48,275)	(26,228)
Investing transactions		
Increase in temporary investments	(6,255)	(46)
Investment in land held for sale	(6,985)	(5,738)
Proceeds from sale of land held for sale	10,121	7,675
Loans advanced	(7,712)	(8,461)
Loans repaid	10,562	12,713
Cash provided by investing transactions	(269)	6,143
Financing transactions		
Repayment of capital lease obligations	(906)	(913)
Repayment of long-term debt	(2,369)	(1,179)
Cash used for financing transactions	(3,275)	(2,092)
Increase in cash and cash equivalents	**76,882**	**19,793**
Cash and cash equivalents at beginning of year	67,311	47,518
Cash and cash equivalents at end of year (Note 4)	**$ 144,193**	**$ 67,311**
Supplemental information		
Interest paid in the year	$ 4,485	$ 3,652
Interest received in the year	7,220	4,493

The accompanying notes and schedules are an integral part of these consolidated financial statements.

1. Authority and operations

(a) Authority

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Budget

The Budget figures fully consolidate, on a line-by-line basis, the Main Estimates approved in the Legislative Assembly, which consists of the estimates of the Government departments and the Yukon Housing Corporation, with the budgets of Yukon College and the Yukon Hospital Corporation as approved by the respective Board of trustees. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are commercial in nature and are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

The entities that are deemed to be government partnerships are accounted for using the proportionate consolidation method. Under the proportionate consolidation method, the Government's pro rata share of each of the assets, liabilities, revenues and expenses, which are subject to shared control, is combined on a line-by-line basis. Inter-entity revenue and expense transactions and related asset and liability balances are eliminated to the extent of those pro rata amounts.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2006. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2006.

Trusts administered by the Government on behalf of other parties (Note 20) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method are as follows:

Full consolidation:

Government of Yukon departments
Yukon College
Yukon Hospital Corporation
Yukon Housing Corporation

Proportionate consolidation:

19596 Yukon Inc.

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation
Yukon Government Fund Limited

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from Canada pursuant to Bill C-24, *An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories)* (Canada). The legislation specifies the exact entitlement amount for 2004/2005 and 2005/2006. For future years, Yukon's Formula Financing grant is to be determined as a proportion of the aggregate quantum for the three territories specified in the legislation. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfer revenues are made in the year they are known.

The Government receives funds from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or earlier if the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Inventories held for sale include land that has been developed by the Government, repossessed houses and other supplies held for eventual sale. Land held for sale comprises the costs of acquiring, planning and developing serviced lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale. Repossessed houses and other supplies are recorded at the lower of cost and net realizable value.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year-end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures and transferred crown lands are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 17 of these financial statements.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 15 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term
Highways	$250,000	30 to 50 years
Pavement	$250,000	26 years
Bridges	$250,000	30 to 50 years
Airport runways	$50,000	26 to 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan; therefore, the Government's contributions represent its total pension obligations. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon College and the Yukon Hospital Corporation are valued on an actuarial basis. Actuarial valuations of these benefits are performed using the projected benefit method prorated on services. Pension expenses for these plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Government becomes aware of the contamination and is obligated or is likely obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements (Note 25). Accrued environmental liabilities are reported as part of accrued liabilities.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals such as Canada health and social transfer payments and corporate and personal income tax revenue.

3. **Restatement**

(a) Reporting change – government reporting entity

Effective the fiscal year 2005/2006, the Government has adopted the Canadian Institute of Chartered Accountants' Public Sector Accounting Board recommendations for the government reporting entity by expanding its reporting entity to include the accounts of controlled government not-for-profit organizations. These additional accounts, Yukon College and the Yukon Hospital Corporation, are consolidated using the full consolidation method (see Note 2(a)).

The change has been applied retroactively and, as a result of the change, the accumulated surplus as at April 1, 2004 has increased by $13.3 million and the surplus for the year ended March 31, 2005 decreased by $183,000. The following is a summary of the effect of the reporting change on the 2004/2005 consolidated financial statements.

	March 31, 2005		
	As previously reported	Reporting change	As restated
	(thousands of dollars)		
Revenues	$ 687,427	$ 7,520	$ 694,947
Less: expenses	664,681	7,703	672,384
Add: recovery of prior years' expenses	587	-	587
Surplus for the year	23,333	(183)	23,150
Accumulated surplus, beginning of year	536,263	13,299	549,562
Accumulated surplus, end of year	$ 559,596	$ 13,116	$ 572,712
Increase in net financial resources	$ 22,988	$ 31	$ 23,019
Net financial resources, beginning of year	145,249	5,476	150,725
Net financial resources, end of year	$ 168,237	$ 5,507	$ 173,744

If the change had not been made, the accumulated surplus as at March 31, 2006 would have been $13.5 million less and the surplus for the year for the year ended March 31, 2006 would have been $425,000 less.

(b) Prior year adjustment - correction of an accounting error

In 2005/2006, it has been determined that the value of certain capital assets of the Yukon Development Corporation should have been recorded at the amount permitted to be approved through the rate base by the regulator and not recorded at their original cost. The effect of the correction of this accounting error on the accounts of the Yukon Development Corporation was a reduction of January 1, 2004 retained earnings by $6,536,000, an increase of the net income for the year ended December 31, 2004 by $183,000, and a reduction of property, plant and equipment as at December 31, 2004 by $6,353,000. The effect of this adjustment for the Corporation's net income for the fiscal year ended December 31, 2005 was $145,000.

The Government consolidates the accounts of the Yukon Development Corporation, a government business enterprise, using the modified equity method (see Note 2(a)); therefore, the effect of this accounting error on the Government's consolidated financial statements was an overstatement of investment in government business enterprises (financial assets) and accumulated surplus in the previous years. The Government has recorded this adjustment by reducing the fiscal year 2004/2005 opening accumulated surplus and financial assets by $6,536,000.

4. Cash and cash equivalents

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Short-term investments	$ 75,611	$ 45,335
Funds held for the Government by trustees	44,654	-
Bank balances	23,860	21,901
Cash on hand	68	75
	$ 144,193	$ 67,311

Cash and cash equivalents include cash on hand, balances with banks, short-term investments that have terms to maturity of less than 90 days from the dates of acquisition and funds held for the Government by trustees.

In March 2006, Canada transferred $40 million to a trust account held on behalf of the Government under the Northern Strategy initiative. As at March 31, 2006, the funds were held in trust in its entirety.

5. Temporary investments

	2006		2005	
	Market Value	Book Value	Market Value	Book Value
			(Restated – Note 3(a))	
		(thousands of dollars)		
Commercial paper	$ 4,971	$ 4,975	$ -	$ -
Bankers' acceptance	1,900	1,900	1,937	1,937
Term deposits	1,321	1,321	-	-
	$ 8,192	$ 8,196	$ 1,937	$ 1,937

Commercial paper and bankers' acceptance have terms of maturity of less than one year from the date of acquisition. Term deposits have terms of maturity ranging from 374 days to 611 days from the date of acquisition. Temporary investments during the year had a weighted average effective yield of 3.14% (2005 – 2.2%) per annum.

6. Due from/to Canada

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	$ 50,742	$ 56,414
Federal grant receivable	6,333	14,808
Other	284	327
	$ 57,359	$ 71,549
Due to Canada		
Public Service Pension Plan contribution payable	$ 4,074	$ 3,685
RCMP	3,367	3,381
Payroll deductions payable	3,325	3,205
Other	1,700	1,674
	$ 12,466	$ 11,945

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

7. Accounts receivable

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 9,147	$ 10,322
Less valuation allowances	(1,443)	(1,407)
	7,704	8,915
Due from Territorial corporations	2,989	3,952
	$ 10,693	$ 12,867

8. Loans receivable

	2006	2005
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, due in varying annual amounts to the year 2022, bearing interest rates ranging from 0.0% to 8.3%	$ 33,213	$ 36,536
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 5.0% to 11.4%	8,114	8,871
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2011, bearing interest rates ranging from 4.8% to 8.5%	8,042	5,742
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	3,332	3,474
Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 8.9%	3,105	2,957
Others	1,216	599
Less valuation allowances	(3,576)	(3,093)
	$ 53,446	$ 55,086

9. Inventories held for sale

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Land held for sale		
Raw land	$ 45	$ 45
Land under development	7,684	5,479
Developed land	4,317	13,230
	12,046	18,754
Other	448	635
	$ 12,494	$ 19,389

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2006, $200,000 (2005 - $3,400,000) of developed land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

10. Investment in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation and the Yukon Government Fund Limited have a fiscal year end of December 31. In the fiscal year 2004/2005, to conform to the Government's fiscal year end, the interim financial statements from January 1, 2004 to March 31, 2005 (15 months) were used to account for the Yukon Development Corporation and the Yukon Government Fund Limited. In the current year, these entities are reported based on a twelve month accounting period. The Yukon Liquor Corporation has a fiscal year end of March 31.

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2006 Total	2005 Total (Restated – Note 3(b))
			(thousands of dollars)		
Balance Sheet					
Assets					
Current	$ 14,616	$ 9,095	$ 3,050	$ 26,761	$ 29,634
Investments	3,175	-	-	3,175	3,397
Capital assets	150,689	-	2,374	153,063	153,712
Other	9,804	28	-	9,832	17,275
	$ 178,284	$ 9,123	$ 5,424	$ 192,831	$ 204,018
Liabilities					
Current	$ 3,349	$ 6	$ 2,458	$ 5,813	$ 16,313
Long-term debt	22,372	7,750	-	30,122	30,426
Other	20,107	116	592	20,815	24,031
Equity	132,456	1,251	2,374	136,081	133,248
	$ 178,284	$ 9,123	$ 5,424	$ 192,831	$ 204,018
Statement of Operations and Equity					
Revenues	$ 27,390	$ 738	$ 11,500	$ 39,628	$ 63,327
Expenses	24,823	482	6,282	31,587	37,985
Surplus	2,567	256	5,218	8,041	25,342
Remitted to the Government	-	-	(5,208)	(5,208)	(5,595)
Equity, beginning of year, as previously reported	136,425	995	2,364	139,784	120,037
Prior year adjustment (Note 3(b))	(6,536)	-	-	(6,536)	(6,536)
Equity, beginning of year, restated	129,889	995	2,364	133,248	113,501
Equity, end of year	$ 132,456	$ 1,251	$ 2,374	$ 136,081	$ 133,248

Equity represents the Government's investment in the government business enterprises.

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2006 Total	2005 Total (Restated – Note 3(a))
			(thousands of dollars)		
Government of Yukon:					
Accounts receivable from	$ 153	$ -	$ 1,324	$ 1,477	$ 1,883
Loans receivable from	-	116	-	116	116
Accounts payable to	973	11	111	1,095	2,387
Long-term obligations to	3,550	1,286	-	4,836	6,536
Revenues from	214	-	1,223	1,437	1,389
Expenses to	9,041	153	1	9,195	11,459

(c) Commitments

Yukon Development Corporation

The Yukon Energy Corporation (YEC), the wholly-owned subsidiary of the Yukon Development Corporation, has provided an option to two Yukon First Nations to acquire up to a $14,470,000 "indirect interest" in the Mayo-Dawson transmission line system project. The option agreement provides for issuance by YEC of a long-term debt instrument repayable over 40 years, bearing interest equal to YEC's blended cost of capital, including a component limited to YEC's realized return on equity. The option expires on January 4, 2007. The option was not exercised as at March 31, 2006.

On March 30, 2005, the Government announced the continuation of the Rate Stabilization Fund from April 1, 2005 until 2007 with the Yukon Development Corporation required by OIC 2005/49 to contribute up to $9 million of internally generated funds before April 1, 2007. At March 31, 2006, the Yukon Development Corporation had contributed $5.9 million towards the Fund.

Yukon Government Fund Limited

On January 4, 1999 the Yukon Government Fund Limited finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration Canada. The offering expired on March 31, 1999. The company obtained $15 million from investors, of which $7,250,000 has been repaid. $5,250,000 (2005 - $10,500,000) has been loaned to 19596 Yukon Inc. The company has committed to use the remaining proceeds of the offering to invest in eligible businesses in the Yukon.

The $7,750,000 due to investors is repayable as follows:

	(thousands of dollars)
2007	$ 7,250
2008	250
2009	250
	$ 7,750

(d) Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of $22.4 million (2005 - $24.1 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy Corporation of up to $10.0 million. The Government does not expect that any significant costs will be incurred with respect to these guarantees.

(e) Contingencies

The Yukon Energy Corporation (YEC) completed the construction of the Mayo to Dawson city transmission line project during 2003. Subsequent to energization of the line, YEC and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis. As at March 31, 2006, no legal action had been commenced.

In April 2005, the contractor provided YEC with some additional information. Management of YEC is reviewing this information and anticipates further documentation will be required before YEC's exposure to the contractor's claims can be fully assessed.

11. Accounts payable and accrued liabilities

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Accounts payable	$ 29,508	$ 25,461
Accrued liabilities	28,831	27,607
Contractors' holdbacks and security deposits	3,684	1,823
Due to Territorial corporations	2,633	4,496
	$ 64,656	$ 59,387

12. Post-employment benefits

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Severance benefits	$ 42,166	$ 26,099
Sick leave obligation	14,661	12,710
Vacation leave obligation	11,511	9,585
Unrecognized net actuarial loss	(18,420)	-
	$ 49,918	$ 48,394

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2006, the actuary assumed a discount rate of 5.75% and general salary increases of 2.5%. Commencing in the fiscal year 2006/2007, the net actuarial loss will be amortized over the expected average remaining service life of the active employees of 10.6 years.

Expenses related to post-employment benefits for the year ended March 31, 2006 were $6,043,000 (2005 - $5,704,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to $4,336,000 (2005 - $4,311,000).

13. Retirement benefits

(a) Public Service Pension Plan

The employees of the Yukon Government and the Yukon Housing Corporation participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were $23,897,000 (2005 - $26,088,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation was conducted as at March 31, 2005 based on March 31, 2005 membership data. The accrued benefit obligation as at March 31, 2006 is calculated using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly (Schedule C).

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest two consecutive years of pensionable earnings. Until December 31, 2005, the plan's benefit costs were offset by benefits paid under the Public Service Pension Plan and the Retirement Compensation Arrangement. As of January 31, 2006, pursuant to the proclamation of the *Territorial Court Judiciary Pension Plan Act* (Yukon), the Government withdrew the fund for the territorial judges from the Public Service Pension Plan and assumed the administrative responsibility of the pension fund as well as pension payments under the plan. The fund asset is managed by an investment manager.

An actuarial valuation for the plan was performed for accounting purposes using the membership data as at March 31, 2006 (Schedule C). A valuation for funding purposes for the registered pension plan component of the plan was conducted as at January 31, 2006. The next valuation for funding purposes will be done as at March 31, 2008.

(d) Yukon College Employees' Pension Plan

The Yukon College Employee's Pension Plan is a contributory defined benefit pension plan. The pension plan fund provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of Yukon College. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the Federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in the Consumer Price Index for the 12 months ending September 30th. The College is responsible for any unfunded pension liability and contributes the balance of the costs of the plan as determined by the actuary. The College has contracted with external organizations to provide the service of trustee, administrator, and investment manager for the pension plan.

The actuarial valuation for funding purposes for the plan was performed as of June 30, 2005. The valuation pointed out that the surplus on an ongoing basis had increased since the last valuation as of June 30, 2004 from $3,220,000 to $4,446,000; however the deficit on a solvency basis has increased since the last valuation from $752,800 to $2,638,000. In order to address this solvency deficit, the Government entered into a contribution agreement with the College in April 2006, which is to provide $1,251,600 per year to the College for five years. The first $1,251,600 was paid to the College in April 2006. With this funding, the College has fully paid up any outstanding payments to the Plan. In addition, since July 1, 2005, the members' contributions have been increased by 10% and the College contributions to 253% of members' contributions as recommended by the June 30, 2005 actuarial report.

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation Employees Defined Benefit Pension Plan is administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation.

A separate pension fund is maintained to hold plan assets. Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced pooled funds of the investment manager.

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations. Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation as of March 31 (Schedule C). The pension plan had a funding deficit of $2,461,200 as at December 31, 2005 valued on a going-concern basis. As at December 31, 2005 the pension plan had a deficit of $9.3 million if valued on a solvency basis.

In the event that a pension plan has a deficit on a solvency basis, the Federal *Pension Benefits Standards Act* and Regulations requires that the pension plan sponsor contribute an amount necessary to fund both the current service cost of the pension plan, and the amortization of any deficit over a period not exceeding five years. In the case of the Yukon Hospital Corporation pension plan, the deficit of approximately $9.3 million as at December 31, 2005, measured on a solvency basis, means that the accrued benefit asset of $2,114,300 as at March 31, 2006, measured on a going-concern basis, may be considered to be "impaired" and thus has not been reflected in these financial statements. In order to address this solvency deficit, the Government is planning to provide financial assistance to the Corporation.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2006, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees. An actuarial valuation of these benefits was conducted as of March 31, 2006 (Schedule C). There are no plan assets.

The retirement benefit liabilities of the Government as of March 31, 2006 were as follows:

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Accrued retirement benefit liabilities		
Extended health care retirement benefit	$ 31,949	$ 28,928
Territorial Court Judiciary Pension Plan	2,867	2,608
Life insurance retirement benefit	1,114	1,021
Legislative Assembly Retirement Allowances Plan	(180)	76
Yukon College Employees' Pension Plan	(3,824)	(3,252)
	$ 31,926	$ 29,381

14. Long-term debt

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Mortgages, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 3.9% to 12.5%.	$ 17,763	$ 18,635
Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.0% to 13.3%.	3,985	4,194
Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 9.0% to 11.1%.	3,726	3,726
Loans from the Yukon Government Fund Limited, repayable 60 months after advance with maturities up to the year 2007, bearing a fixed interest rate of 7.7% calculated and compounded semi-annually and payable monthly.	1,286	2,573
Flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.5% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of $566,000 (2005 - $566,000).	396	396
	$ 27,156	$ 29,524

Principal repayment requirements over the next five years on outstanding loans are as follows:

	(thousands of dollars)
2007	$ 3,200
2008	4,452
2009	1,389
2010	1,462
2011	1,567
Thereafter	15,086
	$ 27,156

Debt authority

Canada, pursuant to subsection 23(2) of the *Yukon Act* (Canada), has approved the Government borrowing up to $138 million.

	2006	2005
	(thousands of dollars)	
Debt of the consolidated entities:		
Government business enterprises		
Yukon Development Corporation, long-term debt	$ 22,372	$ 24,135
Yukon Government Fund Limited, term loans	7,750	15,000
	30,122	39,135
Fully and proportionately consolidated entities		
Yukon Housing Corporation, mortgages payable	17,763	18,635
Yukon Housing Corporation, CMHC loans	3,985	4,194
Government of Yukon, long-term debt	3,726	3,726
	25,474	26,555
Total debt	55,596	65,690
Authorized borrowing limit	138,000	138,000
Available borrowing capacity	$ 82,404	$ 72,310

15. Capital lease obligations

	2006	2005
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	$ 3,154	$ 3,567
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	2,884	3,110
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	793	903
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%	-	2,813
	$ 6,831	$ 10,393

Interest expense related to capital lease obligations for the year was $976,000 (2005 - $1,140,000) at an imputed average interest rate of 10.9% (2005 – 10.9%). The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2007	$ 2,156
2008	2,156
2009	2,156
2010	2,156
2011	2,038
Thereafter	2,028
Total minimum lease payments	12,690
Less: amount representing executory costs	(2,473)
amount representing rental of land	(642)
amount representing interest	(2,744)
	$ 6,831

16. Financial instruments

The balances in cash and cash equivalents, due to/from Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Long-term investments				
Mortgages receivable, net of valuation allowance	$ 31,686	$ 32,191	$ 35,290	$ 34,504
Loans receivable, net of valuation allowance	21,760	21,760	19,796	19,796
	$ 53,446	$ 53,951	$ 55,086	$ 54,300
Long-term debt				
Mortgages payable	$ 17,763	$ 18,916	$ 18,635	$ 19,435
CMHC loans	3,985	4,291	4,194	4,450
Loans from Canada	3,726	3,899	3,726	4,026
Other	1,682	1,682	2,969	2,969
	$ 27,156	$ 28,788	$ 29,524	$ 30,880
Capital lease obligations	$ 6,831	$ 8,147	$ 10,393	$ 12,179

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations and long-term debt is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

17. Tangible capital assets

	2006 Net Book Value	2005 Net Book Value (Restated – Note 3(a))
	(thousands of dollars)	
Land	$ 6,838	$ 6,776
Buildings	297,590	281,896
Equipment and vehicles	35,196	33,969
Computer hardware and software	8,966	7,705
Transportation infrastructure	513,625	485,604
Other	8,970	5,621
(Schedule B)	$ 871,185	$ 821,571

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of $3.4 million (2005 - $2.3 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $960,000 (2005 - $960,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2006	2005
	(thousands of dollars)	
Buildings (cost)	$ 8,820	$ 12,071
Less accumulated amortization	(1,904)	(1,920)
	$ 6,916	$ 10,151

18. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	2006	2005
	(thousands of dollars)	
Deferred capital contributions, beginning of year	$ 428,529	$ 415,757
Add: Assets transferred or funded during the year	38,828	25,912
Less: Disposal	(583)	(38)
Write-down	(96)	-
Amortization	(13,541)	(13,102)
Deferred capital contributions, end of year (Schedule B)	$ 453,137	$ 428,529

19. Expenses by object

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Personnel	$ 306,658	$ 292,723
Contract and special services	101,550	99,905
Transfer payments	98,358	99,983
Materials, supplies and utilities	80,783	78,823
Amortization expenses	36,037	36,264
Communication and transportation	22,737	21,773
Interest on long-term debt and capital lease obligations	3,300	3,682
Other	34,098	39,231
	$ 683,521	$ 672,384

20. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2006	2005 (Restated – Note 3(a))
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 140,214	$ 137,781
Federal Gas Tax Funds under the New Deal	4,509	-
Forest Sector Fund	3,168	2,078
Land Title Office – Assurance Fund	2,654	2,470
First Nations Health Program	2,588	2,507
Water Resources Bonds	2,582	2,895
Crime Prevention and Victim Services	2,453	2,165
Lottery Commission	2,340	2,283
Historic Resources Trust Fund	1,177	1,148
Public Guardian Trust	736	1,117
Other	2,481	1,913
	$ 164,902	$ 156,357

21. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2006.

	Expiry Date	2007	2008 – 2016	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2006	2008	$ 53,527	$ 5,360	$ 58,887
(recoverable amount)		(37,763)	(5,210)	(42,973)
RCMP policing agreement	2012	12,073	66,020	78,093
Building/office space leases	2016	7,748	18,563	26,311
Miscellaneous operational commitments	2008	5,777	2,118	7,895
		$ 41,362	$ 86,851	$ 128,213

22. Over-expenditure

During the year, two (2005 - two) departments exceeded their votes with a total of $1,714,000 (2005 - $6,988,000). Over-expenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were over-expended are as follows:

	(thousands of dollars)
Operations and maintenance	
Public Service Commission	$ 1,712
Women's Directorate	1
Capital	
Public Service Commission	1

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2005 – four) departments exceeded the authorized amounts as follows:

Operations and maintenance grants	
Community Services	
- Home owner grants	$ 40
Education	
- Post secondary student grants	95
Environment	
- Canadian Cooperative Wildlife Health Centre	1
Health and Social Services	
- Adoption subsidies	34
- Alcohol and drug – education and prevention	2
- Social assistance - Whitehorse	18
- Pioneer utility grant	143
- Medical travel subsidies	11
- Federal child benefit – region	1

23. Land claims

Between February 1995 and March 31, 2006, eleven Yukon First Nation Final and Self-government Agreements came into effect. Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended $7.4 million during the year (2005 - $4.0 million) with cumulative expenditures of approximately $40.6 million (2005 - $33.3 million), of which $39.5 million (2005 - $32.2 million) was funded by Canada.

24. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2006 the Government estimated the total claimed amount to be about $2.4 million (2005 - $5.3 million). No provision for claims has been made in these financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of $5 million, which is to be used for providing insurance and risk management services to the Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a $2 million deductible. The Government had unpaid claims against the fund in the amount of $438,000 as at March 31, 2006 (2005 - $428,000). This amount is reported as part of the Government's accrued liabilities.

25. Environmental liabilities

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. As at March 31, 2006, the Government was aware of 54 sites where the Government is obligated or is likely obligated to incur such costs. Of the 54 sites, nine are airports and 19 are highway maintenance camps, the majority of which are awaiting assessment dependent on funding availability. Consequently, costs to remedy any possible contaminations on these sites cannot be reasonably estimated. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at $630,000, of which $600,000 has been recorded as a liability and reported as part of accrued liabilities.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 54 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2006, the Government was unable to confirm a reasonable amount of the liability for these solid waste landfills using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board; therefore, no liability has been recorded for these sites.

One site on the Commissioner's Land has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. As the likelihood of the Government's obligation to incur any remediation costs is not determinable at this point, no liability has been recorded for this site.

Pursuant to the Devolution Transfer Agreement, Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites. The Government is not aware of any financial obligations in relation to these mine sites.

26. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2006	2005
	(thousands of dollars)	
Transfer payments		
Yukon Legal Services Society	$ 1,511	$ 1,593
Yukon Arts Centre Corporation	1,043	883
Yukon Human Rights Commission	451	515
	$ 3,005	$ 2,991

27. Subsequent events

In April 2006, in order to aid the financial restructuring of the Town of the City of Dawson (Dawson), the Government wrote off $3.3 million of its loans receivable from Dawson and consolidated Dawson's remaining long-term debt of $1.5 million, including a bank loan, into a 25-year loan at 4% interest rate with a single payment due annually.

28. Comparative figures

Certain comparative figures for 2005 have been reclassified to conform with the 2006 presentation.

GOVERNMENT OF YUKON

Schedule A

Consolidated Schedule of Revenues by Source
for the year ended March 31, 2006

	2006		2005
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3(a))
	(thousands of dollars)		
From Canada			
Formula Financing grant	$ 494,140	$ 494,140	$ 470,996
Other grants	46,065	90,067	34,790
Contributions and service agreements	61,904	47,401	52,276
	602,109	631,608	558,062
Taxes and general revenues			
Income taxes	42,686	43,200	43,031
Other taxes	19,785	19,641	18,996
Licences, permits and fees	8,138	9,109	8,520
Interest - bank and other	1,734	4,934	1,602
Oil and gas resource revenue	9,016	4,146	2,184
Hospital revenues	2,207	1,477	1,286
Gain on sale of lots	141	847	634
Aviation operations	729	707	646
Fines	408	386	435
Equipment lease	-	-	521
Land and mineral leases and royalties	-	-	250
Other revenues	839	1,629	822
	85,683	86,076	78,927
Investment income			
Yukon Liquor Corporation	4,724	5,218	5,346
Yukon Development Corporation	-	2,567	19,543
Yukon Government Fund Limited	-	256	453
	4,724	8,041	25,342
Funding and service agreements with other parties	27,751	23,551	19,514
Amortization of deferred capital contributions	14,222	13,541	13,102
	$ 734,489	**$ 762,817**	**$ 694,947**

GOVERNMENT OF YUKON

Schedule B

Consolidated Schedule of Tangible Capital Assets for the year ended March 31, 2006

(thousands of dollars)

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other[1]	2006 Total (Note 17)	2005 Total (Restated - Note 3(a))
Cost of tangible capital assets, opening (Restated - Note 3 (a))	$ 6,776	$ 458,879	$ 80,825	$ 25,938	$ 621,916	$ 8,479	$ 1,202,813	$ 1,156,682
Acquisitions	73	32,503	6,955	3,864	42,489	3,727	89,611	50,193
Write-downs	-	(299)	(36)	(220)	-	-	(555)	-
Disposals	(11)	(3,900)	(3,614)	(1,040)	(764)	(187)	(9,516)	(4,062)
Cost of tangible capital assets, closing	6,838	487,183	84,130	28,542	663,641	12,019	1,282,353	1,202,813
Accumulated amortization, opening (Restated - Note 3(a))	-	176,983	46,855	18,233	136,313	2,858	381,242	347,526
Amortization expense	-	13,975	5,349	2,383	14,018	312	36,037	36,264
Disposals	-	(1,365)	(3,270)	(1,040)	(315)	(121)	(6,111)	(2,548)
Accumulated amortization, closing	-	189,593	48,934	19,576	150,016	3,049	411,168	381,242
Net book value	**$ 6,838**	**$ 297,590**	**$ 35,196**	**$ 8,966**	**$ 513,625**	**$ 8,970**	**$ 871,185**	**$ 821,571**
Work-in-progress[2]		$ 31,595	$ -	$ 2,515	$ 43,804	$ 2,433	$ 80,347	$ 47,353
Deferred capital contributions (Note 18)		$ 59,471	$ 1,163	$ 2,039	$ 389,016	$ 1,448	$ 453,137	$ 428,529

[1] Includes portable classrooms, land improvements and fixtures.

[2] Included in net book value.

GOVERNMENT OF YUKON

Schedule C

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2006

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2006 Total	2005 (Restated - Note 3(a)) Total
				(thousands of dollars)				
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	$ 19,719	$ 2,609	$ 28,928	$ 1,021	$ 30,646	$ 23,494	$ 106,417	$ 97,886
Current service costs	649	151	1,024	32	1,479	1,422	4,757	4,298
Transfer from PSSA	-	2,452	-	-	-	-	2,452	-
Interest cost on benefit obligation	1,301	164	1,791	63	1,960	1,694	6,973	6,295
Member contributions	-	-	-	-	575	602	1,177	1,097
Actuarial (gain) loss	(4,321)	(803)	(2,068)	(40)	2,571	3,288	(1,373)	(498)
Benefits paid	(615)	(48)	(136)	(2)	(621)	(597)	(2,019)	(2,661)
Accrued benefit obligation at end of year	$ 16,733	$ 4,525	$ 29,539	$ 1,074	$ 36,610	$ 29,903	$ 118,384	$ 106,417
Plan assets								
Value at beginning of year	$ 20,355	$ -	$ -	$ -	$ 32,785	$ 25,510	$ 78,650	$ 69,891
Actual return on plan assets	2,124	(1)	-	-	3,546	1,276	6,945	8,171
Employer contributions	715	48	136	2	1,737	833	3,471	2,252
Member contributions	77	8	-	-	575	602	1,262	1,173
Transfer from PSSA	-	2,452	-	-	-	-	2,452	-
Benefits paid	(615)	(48)	(136)	(2)	(621)	(597)	(2,019)	(2,661)
Actual plan expenses	-	-	-	-	-	(182)	(182)	(176)
Value at end of year	$ 22,656	$ 2,459	$ -	$ -	$ 38,022	$ 27,442	$ 90,579	$ 78,650
Funded status - plan deficit (surplus)	$ (5,923)	$ 2,066	$ 29,539	$ 1,074	$ (1,412)	$ 2,461	$ 27,805	$ 27,767
Unamortized net actuarial gain (loss)	5,743	801	2,410	40	(1,929)	(4,359)	2,706	(345)
Unamortized past service costs	-	-	-	-	(483)	-	(483)	(564)
Employer contribution made after measurement date	-	-	-	-	-	(216)	(216)	-
Accrued benefit liability (asset) (Note 13)	$ (180)	$ 2,867	$ 31,949	$ 1,114	$ (3,824)	$ (2,114)	$ 29,812	$ 26,858

GOVERNMENT OF YUKON

Schedule C
Continued

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2006

(thousands of dollars)

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2006 Total	2005 (Restated - Note 3(a)) Total
Net benefit cost								
Current service costs	$ 649	$ 151	$ 1,024	$ 32	$ 2,053	$ 2,129	$ 6,038	$ 4,388
Less: Member contributions	(77)	(8)	-	-	(575)	(602)	(1,262)	(76)
Interest cost on benefit obligation	1,301	164	1,791	63	1,960	1,694	6,973	6,295
Expected return on plan assets	(1,329)	-	-	-	(2,354)	(1,811)	(5,494)	(4,729)
Amortization of past service costs	-	-	-	-	81	-	81	81
Amortization of net actuarial (gain) loss	(84)		-	-	-	48	(36)	(2,476)
Net cost for the year	$ 460	$ 307	$ 2,815	$ 95	$ 1,165	$ 1,458	$ 6,300	$ 3,483
Assumptions								
Expected long-term rate of return on assets	6.5%	6.0%	N/A	N/A	7.0%	7.0%		
Discount rate on accrued benefit obligation (March 31, 2006)	6.5%	6.5%	5.75%	5.75%	5.25%	6.25%		
Discount rate on accrued benefit obligation (March 31, 2005)	6.5%	6.0%	6.0%	6.0%	6.25%	7.0%		
Discount rate on benefit costs	6.5%	6.0%	6.0%	6.0%	6.25%	7.0%		
Inflation	2.5%	3.0%	N/A	N/A	2.0%	2.5%		
Rate of compensation increase	2.5% [1]	3.0%	see below [2]	N/A	4.0%	4.0%		
Health care cost trend rate	N/A	N/A	see below [3]	N/A	N/A	N/A		
Amortization period (expected average remaining service life)	8 years	8 years	10 years	8 years	10 years	10 years		

[1] Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

[2] 3.0% on January 1. 2006 and 2.5% per annum thereafter.

[3] 13.8% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.

PART TWO

NON-CONSOLIDATED FINANCIAL STATEMENTS

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SECTION I

GOVERNMENT OF YUKON

FINANCIAL STATEMENTS

(unaudited)

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GOVERNMENT OF YUKON

Statement of Financial Position
as at March 31, 2006

	2006	2005
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	$ 130,784	$ 52,120
Temporary investments (Note 4)	4,971	-
Due from Canada (Note 5)	55,869	70,513
Accounts receivable (Note 6)	9,455	12,000
Advances to Territorial corporations (Note 7)	30,436	33,807
Loans receivable (Note 8)	23,643	22,236
Land held for sale (Note 9)	12,046	18,219
	267,204	208,895
Liabilities		
Due to Canada (Note 5)	12,436	11,870
Accounts payable and accrued liabilities (Note 10)	59,640	54,921
Deferred revenues	3,549	2,715
Post-employment benefits (Note 11)	45,730	44,398
Retirement benefits (Note 12)	35,750	32,633
Long-term debt (Note 13)	3,726	3,726
Capital lease obligations (Note 14)	6,831	10,393
	167,662	160,656
Net financial resources	**99,542**	**48,239**
Non-financial assets		
Tangible capital assets (Note 16)	838,566	787,820
Less deferred capital contributions (Note 17)	(455,627)	(428,529)
Inventories of supplies	4,220	4,140
Prepaid expenses	1,671	1,761
	388,830	365,192
Accumulated surplus	**$ 488,372**	**$ 413,431**

Contingencies, contractual obligations and guarantees
(Notes 9, 20, 22, 23, 24, 25 and 27)

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

Approved:

Bruce McLennan, CMA
Deputy Minister of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Statement of Operations
for the year ended March 31, 2006

	2006		2005
	Main Estimates (Note 1(b))	Actual	Actual
		(thousands of dollars)	
Revenues (Schedule A)			
From Canada			
Formula Financing grant	$ 494,140	$ 494,140	$ 470,996
Other grants	46,065	89,993	34,790
Contributions and service agreements	53,806	39,082	46,975
Taxes and general revenues	86,457	87,765	81,082
Funding and service agreements with other parties	16,660	17,775	12,513
Amortization of deferred capital contributions	14,222	13,522	13,102
	711,350	742,277	659,458
Expenses (Note 18 and Schedule B)	690,230	668,482	654,819
Recovery of prior years' expenses	-	1,146	587
Surplus for the year	**$ 21,120**	**74,941**	**5,226**
Accumulated surplus at beginning of year		413,431	408,205
Accumulated surplus at end of year		**$ 488,372**	**$ 413,431**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Change in Net Financial Resources
for the year ended March 31, 2006

	2006		2005
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	$ 21,120	$ 74,941	$ 5,226
Effect of change in tangible capital assets			
Acquisitions	(85,251)	(86,429)	(47,425)
Capital contributions received	26,700	41,299	25,912
Amortization of tangible capital assets	30,098	31,958	30,583
Amortization of deferred capital contributions	(14,222)	(13,522)	(13,102)
(Gain) loss on disposal of tangible capital assets	-	(608)	7
Proceeds on disposal of tangible capital assets	-	3,252	31
Write-down of tangible capital assets	-	498	-
Write-down of deferred capital contributions	-	(96)	-
	(42,675)	(23,648)	(3,994)
Effect of change in other non-financial assets			
Increase in inventories of supplies	-	(80)	(500)
Decrease (increase) in prepaid expenses	-	90	(802)
	-	10	(1,302)
Increase (decrease) in net financial resources	**$ (21,555)**	**51,303**	**(70)**
Net financial resources at beginning of year		48,239	48,309
Net financial resources at end of year		**$ 99,542**	**$ 48,239**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Cash Flows
for the year ended March 31, 2006

	2006	2005
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Canada	$ 640,605	$ 543,229
Taxes and general revenues	85,040	86,664
Funding and service agreements with other parties	20,795	11,694
	746,440	641,587
Cash paid for:		
Salary, wages and benefits	267,846	245,501
Transfer payments	140,522	140,751
Other expenses	212,954	217,983
	621,322	604,235
Cash provided by operating transactions	125,118	37,352
Capital transactions		
Acquisition of tangible capital assets	(81,513)	(45,602)
Contributions received for acquisition	38,003	20,321
Proceeds on sale of tangible capital assets	595	31
Cash used for capital transactions	(42,915)	(25,250)
Investing transactions		
Increase in temporary investments	(4,971)	-
Investment in land held for sale	(6,977)	(5,399)
Proceeds from sale of land held for sale	9,166	6,329
Repayment of advances from Territorial corporations	-	450
Loans advanced	(1,078)	(1,404)
Loans repaid	1,227	1,623
Cash (used for) provided by investing transactions	(2,633)	1,599
Financing transactions		
Repayment of capital lease obligations	(906)	(913)
Cash used for financing transactions	(906)	(913)
Increase in cash and cash equivalents	**78,664**	**12,788**
Cash and cash equivalents at beginning of year	52,120	39,332
Cash and cash equivalents at end of year (Note 3)	**$ 130,784**	**$ 52,120**
Supplemental information		
Interest paid in the year	$ 1,336	$ 1,501
Interest received in the year	4,486	1,660

The accompanying notes and schedules are an integral part of these non-consolidated financial statements

1. Authority and operations

(a) Authority

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2005. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. Significant accounting policies

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial resources realistically available to the Government to meet its program responsibilities.

The Government also prepares a set of consolidated financial statements following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from Canada pursuant to Bill C-24, *An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories)* (Canada). The legislation specifies the exact entitlement amount for 2004/2005 and 2005/2006. For future years, Yukon's Formula Financing grant is to be determined as a proportion of the aggregate quantum for the three territories specified in the legislation. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfer revenues are made in the year they are known.

The Government receives funds from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or earlier if the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year-end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures and transferred crown lands are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 16 of these financial statements.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 15 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term
Highways	$250,000	30 to 50 years
Pavement	$250,000	26 years
Bridges	$250,000	30 to 50 years
Airport runways	$50,000	26 to 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan; therefore, the Government's contributions represent its total pension obligations. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly and territorial court judges are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Government becomes aware of the contamination and is obligated or is likely obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements (Note 25). Accrued environmental liabilities are reported as part of accrued liabilities.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals such as Canada health and social transfer payments and corporate and personal income tax revenue.

3. Cash and cash equivalents

	2006	2005
	(thousands of dollars)	
Short-term investments	$ 71,270	$ 41,330
Funds held for the Government by trustees	44,654	-
Bank balances	14,795	10,725
Cash on hand	65	65
	$ 130,784	$ 52,120

Cash and cash equivalents include cash on hand, balances with banks, short-term investments that have terms to maturity of less than 90 days from the dates of acquisition and funds held for the Government by trustees.

In March 2006, Canada transferred $40 million to a trust account held on behalf of the Government under the Northern Strategy initiative. As at March 31, 2006, the funds were held in trust in its entirety.

4. Temporary investments

	2006		2005	
	Market Value	Book Value	Market Value	Book Value
	(thousands of dollars)			
Commercial paper	$ 4,971	$ 4,975	$ -	$ -

Commercial paper have terms of maturity of less than one year from the date of acquisition. Temporary investments during the year had a weighted average effective yield of 3.6% per annum.

5. Due from/to Canada

	2006	2005
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	$ 49,507	$ 55,677
Federal grant receivable	6,333	14,808
Other	29	28
	$ 55,869	$ 70,513
Due to Canada		
Public Service Pension Plan contribution payable	$ 4,074	$ 3,685
RCMP	3,367	3,381
Payroll deductions payable	3,305	3,140
Other	1,690	1,664
	$ 12,436	$ 11,870

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. Accounts receivable

	2006	2005
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 7,331	$ 8,176
Less valuation allowances	(1,144)	(1,025)
	6,187	7,151
Due from Territorial corporations	3,268	4,849
	$ 9,455	$ 12,000

7. Advances to Territorial corporations

	2006	2005
	(thousands of dollars)	
Yukon Housing Corporation Working capital advances	$ 30,436	$ 33,807

The advances are interest free and have various repayment terms.

8. Loans receivable

	2006	2005
	(thousands of dollars)	
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 5.0% to 11.4%	$ 8,114	$ 8,871
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2011, bearing interest at 0.0%	7,375	5,895
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	3,332	3,474
Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 8.9%	3,105	2,957
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	1,345	1,345
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2011, bearing interest rates ranging from 4.8% to 8.5%	971	694
Domestic well loans, due in varying annual amounts to the year 2020, bearing interest rates ranging from 2.3% to 3.0%	738	110
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	234	249
Energy infrastructure development loan due in periodic instalments bearing interest at 6.4%	205	205
Energy conservation loans due in varying annual amounts with varying rates of interest	157	168
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	116	116
Less valuation allowances	(2,049)	(1,848)
	$ 23,643	$ 22,236

9. Land held for sale

	2006	2005
	(thousands of dollars)	
Raw land	$ 45	$ 45
Land under development	7,684	5,479
Developed land	4,317	12,695
	$ 12,046	$ 18,219

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2006, $200,000 (2005 - $3, 400,000) of developed land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

10. Accounts payable and accrued liabilities

	2006	2005
	(thousands of dollars)	
Accounts payable	$ 28,164	$ 23,902
Accrued liabilities	25,310	23,891
Contractors' holdbacks and security deposits	3,575	1,718
Due to Territorial corporations	2,591	5,410
	$ 59,640	$ 54,921

11. Post-employment benefits

	2006	2005
	(thousands of dollars)	
Severance benefits	$ 38,219	$ 22,631
Sick leave obligation	14,420	12,285
Vacation leave obligation	11,511	9,482
Accrued benefit obligation	64,150	44,398
Unrecognized net actuarial loss	(18,420)	-
Accrued benefit liability	$ 45,730	$ 44,398

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2006, the actuary assumed a discount rate of 5.75% and general salary increases of 2.5%. Commencing in the fiscal year 2006/2007, the net actuarial loss will be amortized over the expected average remaining service life of the active employees of 10.6 years.

Expenses related to post-employment benefits for the year ended March 31, 2006 were $5,392,000 (2005 - $5,041,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to $4,044,000 (2005 - $3,944,000).

12. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were $23,707,000 (2005 - $25,878,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation was conducted as at March 31, 2005 based on March 31, 2005 membership data. The accrued benefit obligation as at March 31, 2006 is using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly (Schedule D).

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest two consecutive years of pensionable earnings. Until December 31, 2005, the plan's benefit costs were offset by benefits paid under the Public Service Pension Plan and the Retirement Compensation Arrangement. As of January 31, 2006, pursuant to the proclamation of the *Territorial Court Judiciary Pension Plan Act* (Yukon), the Government withdrew the fund for the territorial judges from the Public Service Pension Plan and assumed the administrative responsibility of the pension fund as well as pension payments under the plan. The fund asset is managed by an investment manager.

An actuarial valuation for the plan was performed for accounting purposes using the membership data as at March 31, 2006 (Schedule D). A valuation for funding purposes for the registered pension plan component of the plan was conducted as at January 31, 2006. The next valuation for funding purposes will be done as at March 31, 2008.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2006, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees. An actuarial valuation of these benefits was conducted as of March 31, 2006 (Schedule D). There are no plan assets.

The retirement benefit liabilities of the Government as of March 31, 2006 were as follows:

	2006	2005
	(thousands of dollars)	
Accrued retirement benefit liabilities (Schedule D)		
Extended health care retirement benefit	$ 31,949	$ 28,928
Territorial Court Judiciary Pension Plan	2,867	2,608
Life insurance retirement benefit	1,114	1,021
Legislative Assembly Retirement Allowances Plan	(180)	76
	$ 35,750	$ 32,633

13. Long-term debt

	2006	2005
	(thousands of dollars)	
Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 9.0% to 11.1%.	$ 3,726	$ 3,726

Principal repayment and interest requirements over the future years on outstanding loans are as follows:

	Principal	Interest	Total
		(thousands of dollars)	
2007	$ 572	$ 360	$ 932
2008	3,154	182	3,336
	$ 3,726	$ 542	$ 4,268

14. Capital lease obligations

	2006	2005
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	$ 3,154	$ 3,567
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	2,884	3,110
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	793	903
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%	-	2,813
	$ 6,831	$ 10,393

Interest expense related to capital lease obligations for the year was $976,000 (2005 - $1,140,000) at an imputed average interest rate of 10.9% (2005 – 10.9%). The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2007	$ 2,156
2008	2,156
2009	2,156
2010	2,156
2011	2,038
Thereafter	2,028
Total minimum lease payments	12,690
Less: amount representing executory costs	(2,473)
amount representing rental of land	(642)
amount representing interest	(2,744)
	$ 6,831

15. Financial instruments

The balances in cash and cash equivalents, due to/from Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Loans receivable	$ 23,643	$ 23,643	$ 22,236	$ 22,236
Long-term debt	3,726	3,899	3,726	4,026
Capital lease obligations	6,831	8,147	10,393	12,179

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations and long-term debt is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

16. Tangible capital assets

	2006	2005
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	$ 5,387	$ 5,387
Buildings	272,604	255,249
Equipment and vehicles	30,751	29,824
Computer hardware and software	7,229	6,136
Transportation infrastructure	513,625	485,603
Other	8,970	5,621
(Schedule C)	$ 838,566	$ 787,820

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of $3.4 million (2005 - $2.3 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $960,000 (2005 - $960,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2006	2005
	(thousands of dollars)	
Buildings (cost)	$ 8,820	$ 12,071
Less accumulated amortization	(1,904)	(1,920)
	$ 6,916	$ 10,151

17. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	2006	2005
	(thousands of dollars)	
Deferred capital contributions, beginning of year	$ 428,529	$ 415,757
Add: Assets transferred or funded during the year	41,299	25,912
Less: Disposal and write-down	(583)	(38)
Write-down	(96)	-
Amortization	(13,522)	(13,102)
Deferred capital contributions, end of year (Schedule C)	$ 455,627	$ 428,529

18. Expenses by object

	2006	2005
	(thousands of dollars)	
Personnel	$ 270,514	$ 256,255
Transfer payments	146,043	144,001
Contract and special services	96,026	97,039
Materials, supplies and utilities	70,389	69,355
Amortization expenses	31,958	30,583
Communication and transportation	22,276	20,965
Other	31,276	36,621
	$ 668,482	$ 654,819

19. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2006	2005
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 140,214	$ 137,781
Federal Gas Tax Funds under the New Deal	4,509	-
Forest Sector Fund	3,168	2,078
Land Title Office – Assurance Fund	2,654	2,470
Water Resources Bonds	2,582	2,895
Crime Prevention and Victim Services	2,453	2,165
Lottery Commission	2,340	2,283
Historic Resources Trust Fund	1,177	1,148
Public Guardian Trust	736	1,117
Other	2,481	1,913
	$ 162,314	$ 153,850

20. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2006.

	Expiry Date	2007	2008 – 2016	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2006	2008	$ 53,527	$ 5,360	$ 58,887
(recoverable amount)		(37,763)	(5,210)	(42,973)
RCMP policing agreement	2012	12,073	66,020	78,093
Building/office space leases	2016	7,714	18,423	26,137
Miscellaneous operational commitments	2008	4,019	1,561	5,580
		$ 39,570	$ 86,154	$ 125,724

21. Overexpenditure

During the year, two (2005 - two) departments exceeded their votes with a total of $1,714,000 (2005 - $6,988,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were overexpended are as follows:

	(thousands of dollars)
Operations and maintenance	
Public Service Commission	$ 1,712
Women's Directorate	1
Capital	
Public Service Commission	1

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2005 – four) departments exceeded the authorized amounts as follows:

Operations and maintenance grants	
Community Services	
- Home owner grants	$ 40
Education	
- Post secondary student grants	95
Environment	
- Canadian Cooperative Wildlife Health Centre	1
Health and Social Services	
- Adoption subsidies	34
- Alcohol and drug – education and prevention	2
- Social assistance - Whitehorse	18
- Pioneer utility grant	143
- Medical travel subsidies	11
- Federal child benefit – region	1

22. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of $21.7 million (2005 - $22.8 million), debts of the Yukon Development Corporation of $22.4 million (2005 - $24.1 million) and business loans totalling $348,000 (2005 - $325,000). The Government is also liable for the debt of the Yukon Government Fund Limited in the amount of $7.8 million (2005 - $15.0 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to $11.0 million and to the Yukon Energy Corporation of up to $10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

23. Land claims

Between February 1995 and March 31, 2006, eleven Yukon First Nation Final and Self-government Agreements came into effect. Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended $7.4 million during the year (2005 - $4.0 million) with cumulative expenditures of approximately $40.6 million (2005 - $33.3 million), of which $39.5 million (2005 - $32.2 million) was funded by Canada.

24. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2006 the Government estimated the total claimed amount to be about $2.4 million (2005 - $5.3 million). No provision for claims has been made in these financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of $5 million, which is to be used for providing insurance and risk management services to the Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a $2 million deductible. The Government had unpaid claims against the fund in the amount of $438,000 as at March 31, 2006 (2005 - $428,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2006 was $2.1 million (2005 - $1.0 million). (See also Schedule 6 of the Supplementary Financial Information.)

25. Environmental liabilities

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites that the Government is responsible for. As at March 31, 2006, the Government was aware of 54 sites where the Government is obligated or is likely obligated to incur such costs. Of the 54 sites, nine are airports and 19 are highway maintenance camps, the majority of which are awaiting assessment dependent on funding availability. Consequently, costs to remedy any possible contaminations on these sites cannot be reasonably estimated. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at $630,000, of which $600,000 have been recorded as a liability and reported as part of accrued liabilities.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 54 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2006, the Government was unable to confirm a reasonable amount of the liability for these solid waste landfills using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board; therefore, no liability has been recorded for these sites.

One site on the Commissioner's Land has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. As the likelihood of the Government's obligation to incur any remediation costs is not determinable at this point, no liability has been recorded for this site.

Pursuant to the Devolution Transfer Agreement, Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites. The Government is not aware of any financial obligations in relation to these mine sites.

26. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2006	2005
	(thousands of dollars)	
Revenues from:		
Yukon Housing Corporation	$ 4,526	$ 1,644
Yukon Liquor Corporation	1,223	1,095
Compensation Fund (Yukon)	989	867
Yukon Lotteries Commission	637	561
Yukon Development Corporation	214	243
Yukon College	109	164
Yukon Hospital Corporation	19	31
	$ 7,717	$ 4,605
Expenses to:		
Yukon Hospital Corporation	$ 30,170	$ 26,573
Yukon College	17,702	16,822
Yukon Development Corporation	7,399	7,226
Compensation Fund (Yukon)	4,980	4,456
Yukon Housing Corporation	3,742	3,393
Yukon Legal Services Society	1,511	1,593
Yukon Arts Centre Corporation	1,043	905
Yukon Human Rights Commission	451	515
	$ 66,998	$ 61,483

27. Subsequent events

In April 2006, in order to aid the financial restructuring of the Town of the City of Dawson (Dawson), the Government wrote off $3.3 million of its loans receivable from Dawson and consolidated Dawson's remaining long-term debt of $1.5 million, including a bank loan, into a 25-year loan at 4% with a single payment due annually.

In order to address the pension shortfall of the Yukon College (the College), the Government entered into a contribution agreement with the College in April 2006, which is to provide $1,251,600 per year to the College for five years. The first $1,251,600 was paid to the College in April 2006.

28. Comparative figures

Certain comparative figures for 2005 have been reclassified to conform with the 2006 presentation.

GOVERNMENT OF YUKON

Schedule A

Schedule of Revenues
for the year ended March 31, 2006

	2006		2005
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Canada			
Formula Financing grant	$ 494,140	$ 494,140	$ 470,996
Other grants	46,065	89,993	34,790
Contributions and service agreements	53,806	39,082	46,975
	594,011	623,215	552,761
Taxes and general revenues			
Income taxes	42,686	43,200	43,031
Other taxes	19,785	19,700	18,996
Licences, permits and fees	7,438	8,717	8,126
Yukon Liquor Corporation - net income	4,724	5,208	5,595
Interest - bank and other	1,191	4,200	1,054
Oil and gas resource revenue	9,016	4,146	2,184
Gain on sale of lots	141	847	634
Aviation operations	729	707	646
Fines	408	386	435
Other revenues	339	654	381
	86,457	87,765	81,082
Funding and service agreements with other parties	16,660	17,775	12,513
Amortization of deferred capital contributions	14,222	13,522	13,102
	$ 711,350	**$ 742,277**	**$ 659,458**

GOVERNMENT OF YUKON

Schedule B

Schedule of Expenses
for the year ended March 31, 2006

(thousands of dollars)

	2006	Actual 2006					2005
	Main Estimates (Note 1(b))	Personnel	Transfer Payments	Other	Amortization Expenses	Total (Note 18)	Actual
Health and Social Services	$ 175,764	$ 59,894	$ 58,838	$ 61,743	$ 2,612	$ 183,087	$ 171,453
Education	119,704	63,788	25,372	25,625	5,130	119,915	114,470
Highways and Public Works	109,912	31,836	111	63,227	19,033	114,207	116,098
Community Services	90,211	17,472	27,228	15,299	772	60,771	73,935
Justice	39,884	16,905	3,884	18,840	562	40,191	38,637
Energy, Mines and Resources	42,401	18,279	4,870	15,036	90	38,275	36,232
Public Service Commission	18,153	21,183	-	2,733	11	23,927	23,324
Environment	21,781	13,181	1,493	7,040	113	21,827	20,812
Executive Council Office	20,187	10,067	7,783	2,255	8	20,113	16,475
Tourism and Culture	19,795	6,721	5,067	7,304	613	19,705	19,515
Economic Development	15,940	3,655	6,510	3,433	2	13,600	11,294
Finance	5,509	3,968	1,311	577	4	5,860	4,814
Yukon Legislative Assembly	4,100	2,667	-	984	7	3,658	3,611
Yukon Housing Corporation (Transfer Payment)	5,069	-	3,371	-	-	3,371	3,016
Women's Directorate	814	463	205	224	-	892	792
Office of the Ombudsman	431	339	-	78	-	417	403
Elections Office	215	96	-	161	-	257	191
Interest on Loans	360	-	-	360	-	360	360
Restricted Funds	-	-	-	(4,952)	3,001	(1,951)	(613)
	$ 690,230	**$ 270,514**	**$ 146,043**	**$ 219,967**	**$ 31,958**	**$ 668,482**	**$ 654,819**

GOVERNMENT OF YUKON

Schedule C

Schedule of Tangible Capital Assets
for the year ended March 31, 2006

(thousands of dollars)

	Land	Buildings	Equipment and Vehicles[3]	Computer Hardware and Software	Transportation Infrastructure	Other[1]	2006 Total	2005 Total
Cost of tangible capital assets, opening[2,3]	$ 5,387	$ 407,079	$ 72,286	$ 20,677	$ 621,916	$ 8,479	$ 1,135,824	$ 1,089,858
Acquisitions[2]	-	31,541	5,533	3,139	42,489	3,727	86,429	47,425
Write-downs	-	(299)	(36)	(163)	-	-	(498)	-
Disposals	-	(3,370)	(3,379)	-	(764)	(187)	(7,700)	(1,459)
Cost of tangible capital assets, closing	5,387	434,951	74,404	23,653	663,641	12,019	1,214,055	1,135,824
Accumulated amortization, opening[3]	-	151,830	42,462	14,541	136,313	2,858	348,004	318,803
Amortization expense	-	11,519	4,226	1,883	14,018	312	31,958	30,583
Disposals	-	(1,002)	(3,035)	-	(315)	(121)	(4,473)	(1,382)
Accumulated amortization, closing	-	162,347	43,653	16,424	150,016	3,049	375,489	348,004
Net book value (Note 16)	**$ 5,387**	**$ 272,604**	**$ 30,751**	**$ 7,229**	**$ 513,625**	**$ 8,970**	**$ 838,566**	**$ 787,820**
Work-in-progress		$ 31,595	$ -	$ 2,515	$ 43,804	$ 2,433	$ 80,347	$ 47,353
Deferred capital contributions (Note 17)		$ 61,961	$ 1,163	$ 2,039	$ 389,016	$ 1,448	$ 455,627	$ 428,529

[1] Includes portable classrooms, land improvements and fixtures.

[2] Includes work-in-progress.

[3] Equipment's opening cost and accumulated amotization were adjusted by $532,000 for several pieces of heavy equipment transferred from Canada.

GOVERNMENT OF YUKON

Schedule D

Schedule of Retirement Benefits
for the year ended March 31, 2006

Pension and retirement plan assets are valued at fair market value.

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2006 Total	2005 Total
			(thousands of dollars)			
Accrued benefit obligation						
Obligation at beginning of year	$ 19,719	$ 2,609	$ 28,928	$ 1,021	$ 52,277	$ 48,324
Current service costs	649	151	1,024	32	1,856	1,913
Transfer from PSSA	-	2,452	-	-	2,452	-
Interest cost on benefit obligation	1,301	164	1,791	63	3,319	2,984
Actuarial gain	(4,321)	(803)	(2,068)	(40)	(7,232)	(126)
Benefits paid	(615)	(48)	(136)	(2)	(801)	(818)
Accrued benefit obligation at end of year	$ 16,733	$ 4,525	$ 29,539	$ 1,074	$ 51,871	$ 52,277
Plan assets						
Value at beginning of year	$ 20,355	$ -	$ -	$ -	$ 20,355	$ 18,571
Actual return on plan assets	2,124	(1)	-	-	2,123	1,599
Government contributions	715	48	136	2	901	927
Member contributions	77	8	-	-	85	76
Transfer from PSSA	-	2,452	-	-	2,452	-
Benefits paid	(615)	(48)	(136)	(2)	(801)	(818)
Value at end of year	$ 22,656	$ 2,459	$ -	$ -	$ 25,115	$ 20,355
Funded status - plan deficit (surplus)	$ (5,923)	$ 2,066	$ 29,539	$ 1,074	$ 26,756	$ 31,922
Unamortized net actuarial gain	5,743	801	2,410	40	8,994	711
Accrued benefit liability (asset) (Note 12)	$ (180)	$ 2,867	$ 31,949	$ 1,114	$ 35,750	$ 32,633
Net benefit cost						
Current service costs	$ 649	$ 151	$ 1,024	$ 32	$ 1,856	$ 1,913
Less: Member contributions	(77)	(8)	-	-	(85)	(76)
Interest cost on benefit obligation	1,301	164	1,791	63	3,319	2,984
Expected return on plan assets	(1,329)	-	-	-	(1,329)	(1,120)
Amortization of net actuarial (gain) loss	(84)	-	-	-	(84)	10
Net cost for the year	$ 460	$ 307	$ 2,815	$ 95	$ 3,677	$ 3,711

GOVERNMENT OF YUKON

Schedule D
Continued

Schedule of Retirement Benefits for the year ended March 31, 2006

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Assumptions				
Expected long-term rate of return on assets	6.5%	6.0%	N/A	N/A
Discount rate on accrued benefit obligation (March 31, 2006)	6.5%	6.5%	5.75%	5.75%
Discount rate on accrued benefit obligation (March 31, 2005)	6.5%	6.0%	6.0%	6.0%
Discount rate on benefit costs	6.5%	6.0%	6.0%	6.0%
Inflation	2.5%	3.0%	N/A	N/A
Rate of compensation increase	2.5% [1]	3.0%	see below [2]	N/A
Health care cost trend rate	N/A	N/A	see below [3]	N/A
Amortization period (expected average remaining service life)	8 years	8 years	10 years	8 years

[1] Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

[2] 3.0% on January 1. 2006 and 2.5% per annum thereafter.

[3] 13.8% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.

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SECTION II

SUPPLEMENTARY FINANCIAL INFORMATION

(unaudited)

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Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Formula Financing grant from Canada	$ 494,140,000	$ 470,995,266	$ 23,144,734
Other grants from Canada			
Northern strategy trust	40,000,000	-	40,000,000
Canada health transfer	21,199,706	16,505,823	4,693,883
Canada social transfer	9,090,750	9,050,000	40,750
Northern health accord	6,666,666	6,666,666	-
Territorial health access fund	6,333,333	-	6,333,333
Wait times reduction fund	3,638,128	609,495	3,028,633
Other health and social grants	3,064,722	1,958,062	1,106,660
	89,993,305	34,790,046	55,203,259
Contributions and recoveries from Canada			
Child welfare	7,469,339	7,608,046	(138,707)
Type II mine sites	6,465,811	6,674,077	(208,266)
Canadian strategic infrastructure fund	4,503,128	4,930,405	(427,277)
Land claims implementation	4,368,390	2,561,835	1,806,555
Canadian Heritage - French language programs	3,406,500	2,992,314	414,186
Continuing care facilities	2,468,279	2,075,269	393,010
Other funding and service agreements	20,944,689	27,568,469	(6,623,780)
	49,626,136	54,410,415	(4,784,279)
Less funding for tangible capital assets transferred to deferred capital contributions	(10,543,778)	(7,435,053)	(3,108,725)
	39,082,358	46,975,362	(7,893,004)
Taxation			
Income taxes	43,200,270	43,031,179	169,091
Tobacco tax	6,652,922	6,147,265	505,657
Fuel tax	6,377,640	6,445,504	(67,864)
Liquor tax	2,782,693	2,665,971	116,722
General property tax	2,260,122	2,188,228	71,894
Insurance premium tax	1,453,403	1,378,282	75,121
Grants in lieu of property tax	173,737	170,816	2,921
	62,900,787	62,027,245	873,542

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Licences, Permits and Fees			
Motor vehicle	$ 3,355,424	$ 3,240,537	$ 114,887
Business and professional	2,175,505	2,044,557	130,948
Land, mines and forestry	1,288,702	1,153,978	134,724
Game, campground and wilderness tourism	920,957	872,410	48,547
Other	976,457	814,244	162,213
	8,717,045	8,125,726	591,319
Interest			
Bank and investment	3,961,363	830,344	3,131,019
Local improvement loans	101,308	103,627	(2,319)
Land sale agreements	57,220	45,835	11,385
Delinquent accounts	49,524	74,623	(25,099)
Business loans	31,047	-	31,047
	4,200,462	1,054,429	3,146,033
Fines			
Territorial Court	378,643	431,521	(52,878)
Library fines	7,536	3,900	3,636
	386,179	435,421	(49,242)
General			
Yukon Liquor Corporation - net income	5,205,980	5,595,015	(389,035)
Oil and gas resource revenue	4,145,652	2,184,295	1,961,357
Gain on sale of lots	846,504	633,867	212,637
Aviation operations	707,081	646,153	60,928
Gain on disposal of capital assets	380,723	-	380,723
Land and mineral leases and royalties	208,707	249,509	(40,802)
Other	65,027	130,479	(65,452)
	11,559,674	9,439,318	2,120,356

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Funding and service agreements with other parties			
Highways and public works	$ 32,162,985	$ 19,435,276	$ 12,727,709
Community services	16,531,075	10,657,320	5,873,755
Health and social services	4,373,614	4,379,365	(5,751)
Yukon Development Corporation	2,635,084	-	2,635,084
Restricted funds	783,567	104,267	679,300
Other	2,398,881	2,216,147	182,734
	58,885,206	36,792,375	22,092,831
Less: Land recoveries transferred to land held for sale	(10,066,091)	(6,705,905)	(3,360,186)
Local improvement recoveries transferred to loans receivable	(289,017)	(292,582)	3,565
Funding for tangible capital assets transferred to deferred capital contributions	(30,755,000)	(17,281,000)	(13,474,000)
	17,775,098	12,512,888	5,262,210
Amortization of deferred capital contributions	13,522,030	13,101,741	420,289
	$ 742,276,938	**$ 659,457,442**	**$ 82,819,496**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Elections Office					
Third-party recoveries					
Operations and maintenance					
Conference fees	**$ 6,000**	**$ -**	**$ 6,000**	**$ 6,678**	**$ (678)**
Executive Council Office					
From Canada					
Operations and maintenance					
Land claims implementation					
- Indian and Northern Affairs Canada	4,790,000	(1,083,000)	3,707,000	4,368,390	(661,390)
- Canadian Heritage	1,100,000	-	1,100,000	1,046,169	53,831
	5,890,000	(1,083,000)	4,807,000	5,414,559	(607,559)
Taxes and general revenues					
Water licence fees	15,000	-	15,000	46,354	(31,354)
Total revenues	**5,905,000**	**(1,083,000)**	**4,822,000**	**5,460,913**	**(638,913)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
From Canada					
Operations and maintenance					
Emergency measures	$ 139,000	$ (27,000)	$ 112,000	$ 97,841	$ 14,159
Sport	140,000	52,000	192,000	195,650	(3,650)
Capital					
Emergency measures	20,000	5,000	25,000	116,262	(91,262)
Canadian strategic infrastructure fund					
- Government of Canada	4,150,000	(3,725,000)	425,000	244,232	180,768
Municipal rural infrastructure fund	4,000,000	(1,250,000)	2,750,000	1,353,726	1,396,274
Canada/Yukon Infrastructure Agreement					
- Burwash sewage lagoon	600,000	-	600,000	599,559	441
- Haines Junction water well	-	85,000	85,000	85,000	-
- Carcross sewage lagoon	-	548,000	548,000	548,147	(147)
	9,049,000	(4,312,000)	4,737,000	3,240,417	1,496,583
Less funding for tangible capital assets transferred to deferred capital contributions	-	(1,645,000)	(1,645,000)	(1,613,384)	(31,616)
	9,049,000	(5,957,000)	3,092,000	1,627,033	1,464,967

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Taxes and general revenues					
Fuel storage tank permits	$ 4,000	$ -	$ 4,000	$ 2,053	$ 1,947
Interest on local improvement	166,000	(63,000)	103,000	101,308	1,692
General property tax	2,190,000	221,000	2,411,000	2,260,122	150,878
Grant in lieu of property tax	200,000	(26,000)	174,000	173,737	263
Taxation interest/penalties	-	-	-	38,172	(38,172)
Property subdivision application fee	7,000	-	7,000	7,900	(900)
Library fines	8,000	-	8,000	7,536	464
Rental of equipment	2,000	-	2,000	-	2,000
Photocopier fees	3,000	-	3,000	4,801	(1,801)
Professional/consumer licensing	424,000	(224,000)	200,000	271,726	(71,726)
Business/corporate licensing	1,376,000	400,000	1,776,000	1,903,779	(127,779)
Building safety licences and fees	245,000	-	245,000	373,799	(128,799)
Private vehicle licences	1,021,000	-	1,021,000	1,116,835	(95,835)
Commercial vehicle licences	1,614,000	(94,000)	1,520,000	1,823,777	(303,777)
Miscellaneous motor vehicle revenue	305,000	55,000	360,000	341,827	18,173
Labour service revenue	-	-	-	4,983	(4,983)
Land administrative penalty	-	-	-	3,290	(3,290)
Loss on sale of land	-	-	-	(9,109)	9,109
	7,565,000	269,000	7,834,000	8,426,536	(592,536)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Third-party recoveries					
Operations and maintenance					
Shared services	$ 2,510,000	$ -	$ 2,510,000	$ 2,382,336	$ 127,664
Community recreation/active living	59,000	-	59,000	74,800	(15,800)
Sport	294,000	-	294,000	322,450	(28,450)
Community assessments	325,000	-	325,000	357,642	(32,642)
Water and sewer services	212,000	-	212,000	250,151	(38,151)
Mosquito control	21,000	-	21,000	27,967	(6,967)
Author readings	14,000	-	14,000	9,165	4,835
Motor vehicles	2,000	-	2,000	3,831	(1,831)
EMO response	-	-	-	1,402	(1,402)
Capital					
Canada Winter Games athletes' village					
- Yukon Housing Corporation	3,500,000	-	3,500,000	2,625,000	875,000
- City of Whitehorse	150,000	-	150,000	135,000	15,000
Rural electrification and telephone	500,000	-	500,000	268,115	231,885
Village of Carmacks - sewage treatment project	-	30,000	30,000	-	30,000
Domestic well program	700,000	189,000	889,000	20,902	868,098
Land development cost recovery					
- industrial	50,000	35,000	85,000	122,112	(37,112)
- residential	11,825,000	(2,725,000)	9,100,000	9,925,887	(825,887)
- commercial	-	66,000	66,000	-	66,000
Old Crow quarry development	-	300,000	300,000	-	300,000
Road and street - Argus	-	-	-	4,315	(4,315)
	20,162,000	(2,105,000)	18,057,000	16,531,075	1,525,925

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Less: Land recoveries transferred to land held for sale	$ (11,875,000)	$ 2,624,000	$ (9,251,000)	$ (10,049,821)	$ 798,821
Local improvement recoveries transferred to loans receivable	(1,200,000)	(189,000)	(1,389,000)	(289,017)	(1,099,983)
Funding for tangible capital assets transferred to deferred capital contributions	-	(3,650,000)	(3,650,000)	(2,760,000)	(890,000)
	7,087,000	(3,320,000)	3,767,000	3,432,237	334,763
Amortization of deferred capital contributions	-	14,000	14,000	11,187	2,813
Total revenues	**23,701,000**	**(8,994,000)**	**14,707,000**	**13,496,993**	**1,210,007**
Economic Development					
From Canada					
Operations and maintenance					
Strategic industries development - Telefilm Canada	-	10,000	10,000	10,000	-
Capital					
Community access program	-	100,000	100,000	100,200	(200)
Total revenues	-	**110,000**	**110,000**	**110,200**	**(200)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Education					
From Canada					
Operations and maintenance					
Canadian Heritage - French language programs	$ 1,195,000	$ 858,000	$ 2,053,000	$ 2,034,500	$ 18,500
Human Resources and Skills Development Canada	825,000	100,000	925,000	1,125,000	(200,000)
Student financial assistance					
- Canada student loan	41,000	-	41,000	42,016	(1,016)
- Canada study grants	70,000	-	70,000	61,203	8,797
Capital					
School-based equipment purchase	-	30,000	30,000	30,000	-
	2,131,000	988,000	3,119,000	3,292,719	(173,719)
Taxes and general revenues					
Extension programs fees	5,000	-	5,000	1,270	3,730
Summer school fees	10,000	-	10,000	9,250	750
Computer camp fees	10,000	-	10,000	6,210	3,790
Apprenticeship certification	1,000	-	1,000	2,158	(1,158)
	26,000	-	26,000	18,888	7,112

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Education					
Third-party recoveries					
Operations and maintenance					
Student information and assessments	$ 9,000	$ -	$ 9,000	$ 7,064	$ 1,936
Student accommodation	120,000	-	120,000	134,520	(14,520)
Staff accommodation rental	5,000	-	5,000	4,854	146
Council of Ministers of Education of Canada agreement - monitors	171,000	-	171,000	181,056	(10,056)
Stikine students	233,000	-	233,000	103,553	129,447
Yukon Teachers' Association - substitute teachers	35,000	-	35,000	46,990	(11,990)
Canadian National Marsville	5,000	(5,000)	-	-	-
Charles R. Bronfman Foundation Heritage	2,000	-	2,000	4,555	(2,555)
Millennium scholarship fund	40,000	-	40,000	40,000	-
Capital					
Vanier Catholic Secondary School - ground source heat pump	187,000	-	187,000	-	187,000
	807,000	(5,000)	802,000	522,592	279,408
Amortization of deferred capital contributions	130,000	-	130,000	129,630	370
Total revenues	**3,094,000**	**983,000**	**4,077,000**	**3,963,829**	**113,171**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
From Canada					
Operations and maintenance					
Parks Canada - library access	$ 10,000	$ -	$ 10,000	$ 10,470	$ (470)
Agriculture Canada					
- agricultural policy framework	321,000	-	321,000	202,453	118,547
- industry transition program	81,000	90,000	171,000	167,764	3,236
- rent	3,000	-	3,000	4,000	(1,000)
- national water supply expansion program	-	100,000	100,000	-	100,000
Type II mine sites - Indian and Northern Affairs Canada	11,915,000	(768,000)	11,147,000	6,465,811	4,681,189
Yukon Placer Committee	25,000	-	25,000	-	25,000
Yukon Placer Regime Secretariat					
- Fisheries and Oceans Canada	-	106,000	106,000	106,000	-
Capital					
Forest inventory	315,000	-	315,000	66,000	249,000
Resource assessments - minerals	-	902,000	902,000	1,002,000	(100,000)
	12,670,000	430,000	13,100,000	8,024,498	5,075,502
Taxes and general revenues					
Lands					
- lands administration/interest	15,000	-	15,000	53,930	(38,930)
- land sales fees	6,000	-	6,000	13,254	(7,254)
- unearned equity	1,000	-	1,000	-	1,000
- land leases	200,000	-	200,000	167,356	32,644
- land use fees	11,000	-	11,000	16,887	(5,887)
- quarrying royalties and leases	33,000	-	33,000	9,794	23,206
- sale of undeveloped land	140,000	-	140,000	855,613	(715,613)
- royalties collected on lease agreements	10,000	-	10,000	5,135	4,865

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
Taxes and general revenues (continued)					
Lands (continued)					
- other royalties	$ 20,000	$ -	$ 20,000	$ 26,422	$ (6,422)
Forestry					
- application fees	10,000	-	10,000	3,171	6,829
- stumpage dues	20,000	-	20,000	10,272	9,728
- reforestation fees	35,000	-	35,000	-	35,000
- planning and development	-	-	-	720	(720)
Agricultural land application and grazing lease fees	4,000	-	4,000	13,479	(9,479)
Oil and gas resource revenue					
- royalties	9,000,000	(2,500,000)	6,500,000	4,132,049	2,367,951
- rentals and administration	16,000	-	16,000	13,603	2,397
Sale of maps	10,000	-	10,000	10,926	(926)
Minerals management					
- coal leases, permits and royalties	17,000	-	17,000	67,390	(50,390)
- placer mining fees	225,000	-	225,000	254,446	(29,446)
- quartz mining fees and leases	566,000	-	566,000	908,322	(342,322)
- maps, publications and charts	5,000	-	5,000	3,168	1,832
- mining fees - miscellaneous	10,000	-	10,000	761	9,239
Energy Solutions Centre - equipment rental	-	-	-	125	(125)
	10,354,000	(2,500,000)	7,854,000	6,566,823	1,287,177

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
Third-party recoveries					
Operations and maintenance					
Agriculture conference	$ 2,000	$ -	$ 2,000	$ 1,645	$ 355
Master gardener course	2,000	-	2,000	2,494	(494)
Land - legal surveys	-	6,000	6,000	-	6,000
Energy Solutions Centre - Yukon Development Corporation	-	250,000	250,000	100,000	150,000
Capital					
Forest engineering	160,000	-	160,000	-	160,000
Agricultural land development	50,000	25,000	75,000	16,270	58,730
	214,000	281,000	495,000	120,409	374,591
Less land recoveries transferred to land held for sale	(50,000)	(25,000)	(75,000)	(16,270)	(58,730)
	164,000	256,000	420,000	104,139	315,861
Amortization of deferred capital contributions	33,000	-	33,000	33,192	(192)
Total revenues	**23,221,000**	**(1,814,000)**	**21,407,000**	**14,728,652**	**6,678,348**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
From Canada					
Operations and maintenance					
Inuvialuit Final Agreement	$ 901,000	$ (3,000)	$ 898,000	$ 898,153	$ (153)
Yukon North slope raptor survey	-	9,000	9,000	8,500	500
Vehicle emissions inspection clinics	-	6,000	6,000	-	6,000
Chisana caribou management	-	-	-	9,800	(9,800)
Porcupine caribou herd	-	-	-	5,900	(5,900)
Rare plant inventory	-	-	-	9,000	(9,000)
NatureServe Yukon	-	-	-	31,639	(31,639)
Capital					
Inuvialuit Final Agreement	-	22,000	22,000	22,000	-
	901,000	34,000	935,000	984,992	(49,992)
Taxes and general revenues					
Yukon Wildlife Preserve	26,000	-	26,000	-	26,000
Campground permits	306,000	-	306,000	296,220	9,780
Wilderness tourism licensing	8,000	-	8,000	8,800	(800)
Hunting licences and seals	322,000	-	322,000	353,555	(31,555)
Trapping and fur licences	6,000	-	6,000	4,359	1,641
Fishing licences	240,000	-	240,000	244,636	(4,636)
Outfitting fees	10,000	-	10,000	12,322	(2,322)
Environmental permits	-	-	-	550	(550)
Miscellaneous permits & fees	-	-	-	1,065	(1,065)
	918,000	-	918,000	921,507	(3,507)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
Third-party recoveries					
Operations and maintenance					
Miscellaneous partnerships	$ 100,000	$ -	$ 100,000	$ -	$ 100,000
Advertising recoveries - publications	10,000	-	10,000	9,825	175
Yukon Wildlife Preserve	50,000	-	50,000	-	50,000
Mapping recoveries	10,000	-	10,000	1,205	8,795
Freshwater fisheries agreement	20,000	-	20,000	20,000	-
University of British Columbia - boreal forest project	50,000	-	50,000	35,808	14,192
Province of British Columbia	2,000	-	2,000	1,500	500
Conservation Action Team	2,000	-	2,000	1,750	250
Special waste collection	60,000	-	60,000	56,654	3,346
Porcupine caribou herd	-	21,000	21,000	13,725	7,275
NatureServe Yukon	-	33,000	33,000	33,500	(500)
Risk management	-	-	-	48,000	(48,000)
Colorado lynx project	-	-	-	8,774	(8,774)
Training workshop fees	-	-	-	2,525	(2,525)
	304,000	54,000	358,000	233,266	124,734
Total revenues	**2,123,000**	**88,000**	**2,211,000**	**2,139,765**	**71,235**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance					
From Canada					
Formula Financing grant	$ 494,140,000	$ -	$ 494,140,000	$ 494,140,000	$ -
Canada health transfer	22,665,000	(1,378,000)	21,287,000	21,199,706	87,294
Canada social transfer	9,593,000	(449,000)	9,144,000	9,090,750	53,250
Other health care grants					
- Northern health accord	6,667,000	-	6,667,000	6,666,666	334
- Canada health and social transfer supplement trust	463,000	-	463,000	463,330	(330)
- Wait times reduction	610,000	7,000	617,000	3,638,128	(3,021,128)
- Public health and immunization trust	137,000	-	137,000	277,106	(140,106)
- Health reform trust	-	(12,000)	(12,000)	(12,000)	-
- Prior years'	-	99,000	99,000	48,000	51,000
Early learning and child care trust	-	668,000	668,000	688,286	(20,286)
Northern strategy trust	-	13,333,000	13,333,000	40,000,000	(26,667,000)
	534,275,000	12,268,000	546,543,000	576,199,972	(29,656,972)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance					
Taxes and general revenues					
Personal income tax	$ 36,909,000	$ 2,000,000	$ 38,909,000	$ 41,214,067	$ (2,305,067)
Corporate income tax	5,777,000	(3,600,000)	2,177,000	1,986,203	190,797
Fuel oil tax - diesel	2,624,000	-	2,624,000	2,641,720	(17,720)
Fuel oil tax - other	4,070,000	(200,000)	3,870,000	3,735,920	134,080
Insurance premium tax	1,621,000	(221,000)	1,400,000	1,453,403	(53,403)
Tobacco tax	6,459,000	(359,000)	6,100,000	6,652,922	(552,922)
Banking and investment	1,000,000	2,500,000	3,500,000	3,961,363	(461,363)
Interest on accounts receivable	10,000	-	10,000	11,199	(1,199)
Exchange	4,000	-	4,000	1,024	2,976
Loan guarantee fees	2,000	-	2,000	986	1,014
Miscellaneous revenue	20,000	-	20,000	11,313	8,687
Business loan interest	-	-	-	31,047	(31,047)
SEAL loan penalty	-	-	-	153	(153)
	58,496,000	120,000	58,616,000	61,701,320	(3,085,320)
Third-party recoveries					
Operations and maintenance					
Workers' Compensation Health and Safety Board payroll	6,000	-	6,000	-	6,000
Charge card incentive	10,000	-	10,000	5,000	5,000
Capital					
Loan guarantee contingency	250,000	(250,000)	-	-	-
	266,000	(250,000)	16,000	5,000	11,000
Total revenues	**593,037,000**	**12,138,000**	**605,175,000**	**637,906,292**	**(32,731,292)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
From Canada					
Territorial health access fund	$ 5,930,000	$ 403,000	$ 6,333,000	$ 6,333,333	$ (333)
Medical transportation fund	-	-	-	1,600,000	(1,600,000)
Operations and maintenance					
Child welfare					
- Indian and Northern Affairs Canada (INAC)	6,376,000	1,220,000	7,596,000	7,469,339	126,661
Federal child benefit	285,000	132,000	417,000	449,517	(32,517)
Transition home - INAC	228,000	-	228,000	256,720	(28,720)
Dawson shelter - INAC	21,000	-	21,000	10,000	11,000
Young offenders agreement	1,124,000	-	1,124,000	1,102,688	21,312
Youth criminal justice - cost sharing agreements	225,000	9,000	234,000	199,860	34,140
Social services - INAC	650,000	-	650,000	431,618	218,382
Yukon child benefit - INAC	240,000	-	240,000	449,600	(209,600)
Yukon child benefit - INAC - prior year recovery	-	-	-	419,100	(419,100)
Continuing Care Facilities - Whitehorse - INAC	1,061,000	543,000	1,604,000	2,326,204	(722,204)
McDonald Lodge - Dawson - INAC	250,000	-	250,000	142,075	107,925
Home care - INAC	100,000	-	100,000	95,968	4,032
Home care - Dawson - INAC	10,000	-	10,000	14,046	(4,046)
Primary health care transition fund	1,432,000	(471,000)	961,000	1,028,910	(67,910)
Emergency travel recoveries					
- non-insured health benefits medical travel	850,000	-	850,000	941,809	(91,809)
Communication aids	115,000	-	115,000	38,155	76,845
Hearing assessments	15,000	-	15,000	-	15,000
Community nursing - Lower Post recovery	26,000	-	26,000	5,229	20,771
Environmental health - Health Canada	-	12,000	12,000	18,015	(6,015)
Community nursing - mentorship/training - Health Canada	-	39,000	39,000	39,374	(374)
Health human resource strategy - Health Canada	-	-	-	68,721	(68,721)
Tobacco reduction - Health Canada	-	-	-	224,618	(224,618)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
From Canada (continued)					
Capital					
Continuing care - renovations and equipment	$ 45,000	$ 54,000	$ 99,000	$ 100,989	$ (1,989)
Yukon Hospital Corporation - equipment	260,000	400,000	660,000	660,000	-
Community health programs - renovations and equipment	38,000	8,000	46,000	41,499	4,501
Community nursing - renovations and equipment	42,000	45,000	87,000	65,100	21,900
Ambulance services - vehicle replacement, renovations and equipment	44,000	15,000	59,000	72,078	(13,078)
Primary health care transition fund	625,000	1,031,000	1,656,000	1,105,855	550,145
	19,992,000	3,440,000	23,432,000	25,710,420	(2,278,420)
Less funding for tangible capital assets transferred to deferred capital contributions	(850,000)	(1,473,000)	(2,323,000)	(1,677,288)	(645,712)
	19,142,000	1,967,000	21,109,000	24,033,132	(2,924,132)
Taxes and general revenues					
Registration and fees	34,000	-	34,000	40,815	(6,815)
Environmental health - inspection/permits	8,000	-	8,000	10,175	(2,175)
	42,000	-	42,000	50,990	(8,990)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
Third-party recoveries					
Operations and maintenance					
Family and children's services - client recovery	$ 4,000	$ -	$ 4,000	$ 1,114	$ 2,886
Social services - client recovery	50,000	-	50,000	45,054	4,946
Continuing Care Facilities - Whitehorse					
- residents	783,000	-	783,000	687,180	95,820
- adult day program	13,000	-	13,000	17,498	(4,498)
McDonald Lodge - Dawson - residents	60,000	-	60,000	25,914	34,086
Third party					
- medical care	25,000	60,000	85,000	28,958	56,042
- hospital care	65,000	-	65,000	79,668	(14,668)
- medical travel	200,000	-	200,000	402,591	(202,591)
Emergency travel recoveries - non-residents medical travel	200,000	-	200,000	32,349	167,651
Reciprocal billing	1,430,000	290,000	1,720,000	1,753,649	(33,649)
Communication aids	115,000	-	115,000	57,661	57,339
Hearing assessments	15,000	-	15,000	12,072	2,928
Environmental health - FOODSAFE course	1,000	-	1,000	-	1,000
Community nursing					
- patient services	274,000	280,000	554,000	496,809	57,191
- drug recoveries	17,000	10,000	27,000	21,701	5,299
- rent/utility recoveries	93,000	20,000	113,000	97,663	15,337
- dietary recoveries	2,000	-	2,000	1,973	27
- telehealth	-	-	-	4,650	(4,650)
Community nursing					
- Whitehorse Health Centre vaccines	50,000	68,000	118,000	65,443	52,557
- third party ambulance	90,000	-	90,000	127,567	(37,567)
Prairie northern FAS partnership conference	-	15,000	15,000	20,000	(5,000)
Recovery of relocation costs	-	-	-	8,951	(8,951)
Primary health care partnerships	-	-	-	60,038	(60,038)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
Third-party recoveries (continued)					
Capital					
Systems development	$ 350,000	$ -	$ 350,000	$ 325,111	$ 24,889
	3,837,000	743,000	4,580,000	4,373,614	206,386
Amortization of deferred capital contributions	1,380,000	2,000	1,382,000	1,382,357	(357)
Total revenues	**24,401,000**	**2,712,000**	**27,113,000**	**29,840,093**	**(2,727,093)**
Highways and Public Works					
From Canada					
Operations and maintenance					
Information and communications service agreements	73,000	-	73,000	77,715	(4,715)
Transportation recoverable services	24,000	-	24,000	35,588	(11,588)
National safety code agreement	139,000	-	139,000	126,392	12,608
Airports	4,000	-	4,000	3,767	233
French language services - Canadian Heritage	1,344,000	-	1,344,000	1,366,000	(22,000)
Prior year adjustment	-	-	-	1,600	(1,600)
Capital					
Transportation planning & engineering	190,000	-	190,000	-	190,000
Alaska Highway					
- Canadian strategic infrastructure fund	5,149,000	604,000	5,753,000	4,258,896	1,494,104

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
From Canada					
Capital (continued)					
Bridge rehabilitation	$ 815,000	$ 174,000	$ 989,000	$ 443,673	$ 545,327
Airports - Old Crow	1,650,000	1,884,000	3,534,000	1,716,873	1,817,127
Project management services	500,000	-	500,000	381,616	118,384
French language services - office furniture, equipment, systems and space	6,000	-	6,000	6,000	-
Mobile communications solution	-	72,000	72,000	51,673	20,327
Airports - Dawson City	-	344,000	344,000	187,474	156,526
	9,894,000	3,078,000	12,972,000	8,657,267	4,314,733
Less funding for tangible capital assets transferred to deferred capital contributions	(1,400,000)	(2,959,000)	(4,359,000)	(7,253,106)	2,894,106
	8,494,000	119,000	8,613,000	1,404,161	7,208,839
Taxes and general revenues					
Access to Information and Protection of Privacy	1,000	4,000	5,000	8,654	(3,654)
Highway information sign/permits	8,000	6,000	14,000	11,032	2,968
Aviation operations	729,000	-	729,000	707,081	21,919
Motor Transport Board fees	6,000	-	6,000	3,669	2,331
Weigh station fees	82,000	-	82,000	69,316	12,684
Red line passenger train	20,000	-	20,000	20,000	-
Adult French class fees	20,000	(3,000)	17,000	18,150	(1,150)
Management fee	-	17,000	17,000	-	17,000
Realty services revenue	-	-	-	380,723	(380,723)
	866,000	24,000	890,000	1,218,625	(328,625)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
Third-party recoveries					
Operations and maintenance					
Deposit forfeitures	$ 1,000	$ -	$ 1,000	$ -	$ 1,000
Corporation central facility processing cost	93,000	-	93,000	93,000	-
Corporation PC maintenance	6,000	-	6,000	6,000	-
Information and communications service agreements	163,000	-	163,000	130,751	32,249
Highways employee housing	32,000	-	32,000	24,540	7,460
Transportation recoverable services	271,000	-	271,000	253,420	17,580
Weigh stations	3,000	-	3,000	-	3,000
Airports	1,516,000	(36,000)	1,480,000	1,466,809	13,191
Queen's Printer subscriptions	65,000	-	65,000	49,477	15,523
Travel agent processing	23,000	-	23,000	13,925	9,075
Adult French language	2,000	-	2,000	3,750	(1,750)
National safety code	-	-	-	6,653	(6,653)
Prior year adjustment	-	-	-	383	(383)
Capital					
Alaska Highway - Shakwak	24,450,000	5,000,000	29,450,000	29,161,166	288,834
Sale of government surplus equipment	15,000	8,000	23,000	15,120	7,880
Project management services	500,000	-	500,000	44,564	455,436
System development	-	34,000	34,000	35,198	(1,198)
Whitehorse CATSA security renovation	-	940,000	940,000	851,229	88,771
Telecommunications - other recoveries	-	-	-	7,000	(7,000)
	27,140,000	5,946,000	33,086,000	32,162,985	923,015
Less funding for tangible capital assets transferred to deferred capital contributions	(24,450,000)	(5,968,000)	(30,418,000)	(27,995,000)	(2,423,000)
	2,690,000	(22,000)	2,668,000	4,167,985	(1,499,985)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
Amortization of deferred capital contributions	$ 12,679,000	$ -	$ 12,679,000	$ 11,874,041	$ 804,959
Total revenues	**24,729,000**	**121,000**	**24,850,000**	**18,664,812**	**6,185,188**
Justice					
From Canada					
Operations and maintenance					
Child support guidelines	207,000	-	207,000	173,371	33,629
Legal aid	864,000	-	864,000	864,120	(120)
Aboriginal courtworker program	158,000	-	158,000	158,028	(28)
Yukon Public Legal Education Association	70,000	-	70,000	70,000	-
Institutional facilities	10,000	-	10,000	6,684	3,316
Parole supervision	70,000	-	70,000	70,000	-
Outreach worker - Justice Canada	50,000	-	50,000	20,313	29,687
Jury debriefing project - Justice Canada	-	30,000	30,000	9,536	20,464
Aboriginal policing training and recruitment -Justice Canada	-	267,000	267,000	104,242	162,758
Policing consultation - Justice Canada	-	100,000	100,000	34,225	65,775
Law Commissions of Canada	-	-	-	2,100	(2,100)
Ministers of Justice meeting	-	-	-	12,467	(12,467)
Video conferencing	-	-	-	72	(72)
Administration of justice	-	-	-	10,000	(10,000)
Victim services - Justice Canada	-	-	-	8,000	(8,000)
Children who witness violence - Justice Canada	-	-	-	16,700	(16,700)
Community justice training - Justice Canada	-	-	-	(951)	951
Substance abuse action plan	-	-	-	23,000	(23,000)
Northern institute of justice	-	-	-	7,627	(7,627)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Justice					
From Canada (continued)					
Operations and maintenance					
Crystal Meth/Scan	$ -	$ -	$ -	$ 17,925	$ (17,925)
Capital					
Office furniture, equipment, systems and space	30,000	89,000	119,000	113,650	5,350
Outreach worker - Justice Canada	-	-	-	1,894	(1,894)
	1,459,000	486,000	1,945,000	1,723,003	221,997
Taxes and general revenues					
Fines - Territorial Court	400,000	-	400,000	378,643	21,357
Sheriff's Office	20,000	-	20,000	32,144	(12,144)
Public Administrator fees	2,000	-	2,000	4,021	(2,021)
Land titles fees	186,000	-	186,000	233,482	(47,482)
	608,000	-	608,000	648,290	(40,290)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Justice					
Third-party recoveries					
Operations and maintenance					
Worker advocate	$ 374,000	$ 7,000	$ 381,000	$ 382,028	$ (1,028)
Witness program - videoconferencing	4,000	-	4,000	5,613	(1,613)
Public Utilities Board hearings	100,000	12,000	112,000	157,805	(45,805)
Outreach worker - Province of British Columbia	3,000	7,000	10,000	9,700	300
Litigation cost recoveries	-	-	-	2,400	(2,400)
Capital					
Office furniture, equipment, systems and space	-	19,000	19,000	9,627	9,373
	481,000	45,000	526,000	567,173	(41,173)
Total revenues	**2,548,000**	**531,000**	**3,079,000**	**2,938,466**	**140,534**
Public Service Commission					
Third-party recoveries					
Operations and maintenance					
Staff development - operations	**45,000**	-	**45,000**	**15,743**	**29,257**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture					
From Canada					
Operations and maintenance					
Canadian heritage properties incentive fund	$ -	$ 17,000	$ 17,000	$ 9,500	$ 7,500
Capital					
Historic places initiative	-	391,000	391,000	391,894	(894)
	-	408,000	408,000	401,394	6,606
Taxes and general revenues					
Yukon Beringia Interpretive Centre	70,000	-	70,000	67,573	2,427
Archives - photocopier fees	6,000	-	6,000	6,254	(254)
Archives - sale of photographs	6,000	-	6,000	2,433	3,567
Vacation guide advertising revenue	140,000	-	140,000	99,881	40,119
	222,000	-	222,000	176,141	45,859
Third-party recoveries					
Operations and maintenance					
Yukon Lottery Commission	240,000	-	240,000	240,000	-
City of Whitehorse - information kiosk	15,000	-	15,000	-	15,000
Joint Yukon/Alaska marketing program	165,000	-	165,000	134,055	30,945
	420,000	-	420,000	374,055	45,945
Total revenues	**642,000**	**408,000**	**1,050,000**	**951,590**	**98,410**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Yukon Development Corporation					
Third-party recoveries					
Recovery	**$ -**	**$ -**	**$ -**	**$ 2,635,084**	**$ (2,635,084)**
Yukon Liquor Corporation					
Taxes and general revenues					
Corporate net income	4,724,000	(15,000)	4,709,000	5,205,980	(496,980)
Liquor tax	2,621,000	-	2,621,000	2,782,693	(161,693)
Total revenues	**7,345,000**	**(15,000)**	**7,330,000**	**7,988,673**	**(658,673)**
Interest					
Third-party recoveries					
Operations and maintenance					
Interest	**553,000**	**-**	**553,000**	**553,965**	**(965)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Restricted Funds					
Third-party recoveries					
Operations and maintenance					
Restricted funds	$ -	$ -	$ -	$ 783,567	$ (783,567)
Amortization of deferred capital contributions	-	-	-	91,623	(91,623)
Total revenues	-	-	-	**875,190**	**(875,190)**
Totals					
From Canada	596,261,000	15,847,000	612,108,000	633,759,441	(21,651,441)
Taxes and general revenues	86,457,000	(2,102,000)	84,355,000	87,764,147	(3,409,147)
Third-party recoveries	54,235,000	4,709,000	58,944,000	58,885,206	58,794
Less: Funding for tangible capital assets transferred to deferred capital contributions	(26,700,000)	(15,695,000)	(42,395,000)	(41,298,778)	(1,096,222)
Land recoveries transferred to land held for sale	(11,925,000)	2,599,000	(9,326,000)	(10,066,091)	740,091
Local improvement recoveries transferred to loans receivable	(1,200,000)	(189,000)	(1,389,000)	(289,017)	(1,099,983)
Amortization of deferred capital contributions	14,222,000	16,000	14,238,000	13,522,030	715,970
Total revenues	**$ 711,350,000**	**$ 5,185,000**	**$ 716,535,000**	**$ 742,276,938**	**$ (25,741,938)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Yukon Legislative Assembly			
Operations and maintenance			
Legislative services	$ 2,025,738	$ 1,913,139	$ 112,599
Legislative Assembly Office	543,054	531,485	11,569
Retirement allowances and death benefits	668,338	765,948	(97,610)
Hansard	350,412	329,422	20,990
Conflicts Commission	23,736	39,974	(16,238)
	3,611,278	3,579,968	31,310
Capital			
Legislative Assembly Office	39,866	37,284	2,582
Less acquisition of tangible capital assets	-	(13,689)	13,689
	39,866	23,595	16,271
Amortization expenses	6,930	6,930	-
Total expenses	**3,658,074**	**3,610,493**	**47,581**
Elections Office			
Operations and maintenance			
Elections	254,893	186,667	68,226
Capital			
Elections	1,749	4,407	(2,658)
Total expenses	**256,642**	**191,074**	**65,568**
Office of the Ombudsman			
Operations and maintenance			
Office of the Ombudsman	403,506	398,349	5,157
Capital			
Office of the Ombudsman	13,803	4,479	9,324
Total expenses	**417,309**	**402,828**	**14,481**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

		2006		2005		Increase (Decrease)
Executive Council Office						
Operations and maintenance						
Corporate services	$	3,014,243	$	2,675,926	$	338,317
Land Claims and Implementation Secretariat		6,710,228		6,283,198		427,030
Devolution		737,801		498,275		239,526
Intergovernmental relations		1,044,912		1,000,573		44,339
Government audit services		315,571		358,461		(42,890)
Office of the Commissioner		140,809		132,983		7,826
Development assessment process		1,069,033		1,130,459		(61,426)
Cabinet Offices		1,968,123		1,998,314		(30,191)
Water Board Secretariat		812,382		1,067,411		(255,029)
Youth Directorate		516,849		496,108		20,741
		16,329,951		15,641,708		688,243
Capital						
Corporate services		84,836		49,161		35,675
Land Claims and Implementation Secretariat		3,507,394		685,131		2,822,263
Youth Directorate		200,000		200,000		-
		3,792,230		934,292		2,857,938
Less acquisition of tangible capital assets		(16,600)		(106,316)		89,716
		3,775,630		827,976		2,947,654
Amortization expenses		7,794		5,775		2,019
Total expenses		**20,113,375**		**16,475,459**		**3,637,916**
Community Services						
Operations and maintenance						
Corporate services		4,037,742		3,690,942		346,800
Protective services		13,619,000		29,509,033		(15,890,033)
Community development		29,069,693		28,645,066		424,627
Consumer and safety services		3,908,600		3,532,144		376,456
		50,635,035		65,377,185		(14,742,150)

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Community Services			
Capital			
Corporate services	$ 1,139,690	$ 815,081	$ 324,609
Protective services	2,643,846	4,021,468	(1,377,622)
Community development	37,800,570	12,712,511	25,088,059
	41,584,106	17,549,060	24,035,046
Less: Acquisition of tangible capital assets	(24,179,838)	(2,663,533)	(21,516,305)
Land development costs transferred to land held for sale	(6,962,383)	(5,368,478)	(1,593,905)
Local improvement costs transferred to loans receivable	(1,078,069)	(673,673)	(404,396)
Payment for road construction materials transferred to inventories	-	(900,000)	900,000
	9,363,816	7,943,376	1,420,440
Amortization expenses	771,844	614,631	157,213
Total expenses	**60,770,695**	**73,935,192**	**(13,164,497)**
Economic Development			
Operations and maintenance			
Corporate services	1,190,660	1,124,631	66,029
Policy, planning and research	932,911	1,077,686	(144,775)
Business and trade	946,442	841,288	105,154
Regional economic development	608,014	351,779	256,235
Strategic industries development	1,761,239	1,335,237	426,002
	5,439,266	4,730,621	708,645
Capital			
Corporate services	1,150,364	1,219,519	(69,155)
Policy, planning and research	1,494,785	102,000	1,392,785
Business and trade	814,814	445,627	369,187
Regional economic development	2,924,209	3,133,053	(208,844)
Strategic industries development	1,774,232	1,661,376	112,856
	8,158,404	6,561,575	1,596,829

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Economic Development			
Amortization expenses	$ 2,000	$ 2,000	$ -
Total expenses	**13,599,670**	**11,294,196**	**2,305,474**
Education			
Operations and maintenance			
Education support services	12,574,382	11,615,434	958,948
Public schools	71,577,921	67,598,329	3,979,592
Advanced education	21,677,751	21,158,097	519,654
	105,830,054	100,371,860	5,458,194
Capital			
Education support services	141,751	95,091	46,660
Public schools	11,244,359	6,891,958	4,352,401
Advanced education	2,589,713	2,791,026	(201,313)
	13,975,823	9,778,075	4,197,748
Less acquisition of tangible capital assets	(5,021,544)	(789,861)	(4,231,683)
	8,954,279	8,988,214	(33,935)
Amortization expenses	5,130,317	5,110,301	20,016
Total expenses	**119,914,650**	**114,470,375**	**5,444,275**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Energy, Mines and Resources			
Operations and maintenance			
Corporate services	$ 3,181,292	$ 3,315,535	$ (134,243)
Sustainable resources	6,561,234	7,068,590	(507,356)
Energy and corporate policy	2,074,599	1,645,999	428,600
Oil and gas and mineral resources	15,885,081	15,127,724	757,357
Yukon placer regime secretariat	379,738	-	379,738
Client services and inspections	4,273,225	4,204,007	69,218
	32,355,169	31,361,855	993,314
Capital			
Corporate services	305,014	246,114	58,900
Sustainable resources	1,200,289	1,148,647	51,642
Energy and corporate policy	54,704	133,114	(78,410)
Oil and gas and mineral resources	4,466,651	3,461,395	1,005,256
	6,026,658	4,989,270	1,037,388
Less: Acquisition of tangible capital assets	(115,602)	(166,672)	51,070
Land development costs transferred to land held for sale	(80,327)	(30,429)	(49,898)
	5,830,729	4,792,169	1,038,560
Amortization expenses	89,505	78,038	11,467
Total expenses	**38,275,403**	**36,232,062**	**2,043,341**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Environment			
Operations and maintenance			
General management	$ 283,937	$ 267,876	$ 16,061
Corporate services	4,830,810	4,820,353	10,457
Environmental sustainability	14,534,319	13,590,929	943,390
	19,649,066	18,679,158	969,908
Capital			
Corporate services	896,188	2,336,807	(1,440,619)
Environmental sustainability	1,443,763	1,348,981	94,782
	2,339,951	3,685,788	(1,345,837)
Less acquisition of tangible capital assets	(274,737)	(1,660,498)	1,385,761
	2,065,214	2,025,290	39,924
Amortization expenses	112,674	107,899	4,775
Total expenses	**21,826,954**	**20,812,347**	**1,014,607**
Finance			
Operations and maintenance			
Treasury	5,173,345	4,289,076	884,269
Workers' compensation supplementary benefits	389,624	386,337	3,287
Bad debts expense	39,128	47,051	(7,923)
	5,602,097	4,722,464	879,633
Capital			
Treasury	270,916	89,947	180,969
Less acquisition of tangible capital assets	(16,890)	-	(16,890)
	254,026	89,947	164,079
Amortization expenses	4,132	1,719	2,413
Total expenses	**5,860,255**	**4,814,130**	**1,046,125**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Health and Social Services			
Operations and maintenance			
Policy, planning and administration	$ 4,849,284	$ 4,192,843	$ 656,441
Family and children's services	30,020,802	29,906,983	113,819
Social services	40,418,414	37,537,652	2,880,762
Health services	96,309,740	89,780,449	6,529,291
Regional services	4,205,440	3,784,045	421,395
	175,803,680	165,201,972	10,601,708
Capital			
Policy, planning and administration	764,321	868,284	(103,963)
Family and children's services	455,531	479,701	(24,170)
Social services	2,394,573	797,662	1,596,911
Health services	4,901,306	2,278,344	2,622,962
	8,515,731	4,423,991	4,091,740
Less acquisition of tangible capital assets	(3,844,961)	(793,263)	(3,051,698)
	4,670,770	3,630,728	1,040,042
Amortization expenses	2,612,371	2,620,106	(7,735)
Total expenses	**183,086,821**	**171,452,806**	**11,634,015**
Highways and Public Works			
Operations and maintenance			
Corporate services	4,421,968	3,880,447	541,521
Information and communications technology	6,952,226	6,391,073	561,153
Transportation	43,907,165	42,210,619	1,696,546
Supply services	3,096,675	2,920,306	176,369
Property management	16,506,333	16,194,608	311,725
French language services	1,547,532	1,636,885	(89,353)
Central Stores write-off	164	7,097	(6,933)
	76,432,063	73,241,035	3,191,028
Less capital lease payments transferred to capital lease obligations	(905,601)	(913,333)	7,732
	75,526,462	72,327,702	3,198,760

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Highways and Public Works			
Capital			
Corporate services	$ 321,285	$ 221,578	$ 99,707
Information and communications technology	3,514,554	10,462,589	(6,948,035)
Transportation	60,347,654	49,776,196	10,571,458
Supply services	59,000	91,632	(32,632)
Property management	4,550,872	3,478,244	1,072,628
French language services	5,440	95,495	(90,055)
	68,798,805	64,125,734	4,673,071
Less acquisition of tangible capital assets	(49,150,817)	(38,040,206)	(11,110,611)
	19,647,988	26,085,528	(6,437,540)
Amortization expenses	19,032,787	17,685,190	1,347,597
Total expenses	**114,207,237**	**116,098,420**	**(1,891,183)**
Justice			
Operations and maintenance			
Management services	2,246,074	2,274,500	(28,426)
Court services	4,954,590	4,720,344	234,246
Legal services	4,355,130	4,374,256	(19,126)
Regulatory services	1,325,188	1,653,093	(327,905)
Community and correctional services	9,618,587	9,241,872	376,715
Community justice and public safety	15,314,543	14,571,904	742,639
Human rights	477,590	531,000	(53,410)
	38,291,702	37,366,969	924,733
Capital			
Management services	367,296	286,589	80,707
Court services	37,264	40,234	(2,970)
Community and correctional services	1,485,757	1,027,071	458,686
Community justice and public safety	9,000	4,500	4,500
	1,899,317	1,358,394	540,923
Less acquisition of tangible capital assets	(562,803)	(652,314)	89,511
	1,336,514	706,080	630,434

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Justice			
Amortization expenses	$ 562,391	$ 563,055	$ (664)
Total expenses	**40,190,607**	**38,636,104**	**1,554,503**
Public Service Commission			
Operations and maintenance			
Finance and administration	613,470	577,256	36,214
Corporate human resource services	2,122,012	1,819,480	302,532
Employee compensation	1,331,098	1,345,813	(14,715)
Staff relations	988,658	763,046	225,612
Workers' compensation fund	4,118,947	3,177,179	941,768
Human resource management systems	494,815	379,038	115,777
Policy and planning	615,555	650,222	(34,667)
Employee future benefits	10,690,285	12,054,751	(1,364,466)
Staff development	2,903,200	2,476,601	426,599
	23,878,040	23,243,386	634,654
Capital			
Finance and administration	52,900	85,952	(33,052)
Less acquisition of tangible capital assets	(14,982)	(16,295)	1,313
	37,918	69,657	(31,739)
Amortization expenses	10,790	10,866	(76)
Total expenses	**23,926,748**	**23,323,909**	**602,839**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Tourism and Culture			
Operations and maintenance			
Corporate services	$ 2,233,594	$ 2,115,637	$ 117,957
Cultural services	4,412,745	4,195,991	216,754
Tourism	7,324,425	7,249,818	74,607
	13,970,764	13,561,446	409,318
Capital			
Corporate services	216,686	84,774	131,912
Cultural services	3,711,468	3,783,836	(72,368)
Tourism	1,192,905	1,490,842	(297,937)
	5,121,059	5,359,452	(238,393)
Less acquisition of tangible capital assets	-	(10,800)	10,800
	5,121,059	5,348,652	(227,593)
Amortization expenses	612,866	605,152	7,714
Total expenses	**19,704,689**	**19,515,250**	**189,439**
Women's Directorate			
Operations and maintenance			
Policy and program development	882,982	784,014	98,968
Capital			
Policy and program development	9,469	7,564	1,905
Total expenses	**892,451**	**791,578**	**100,873**
Yukon Housing Corporation (Transfer Payment)			
Operations and maintenance	1,337,294	1,090,927	246,367
Capital	2,033,677	1,924,677	109,000
Total expenses	**3,370,971**	**3,015,604**	**355,367**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2006

	2006	2005	Increase (Decrease)
Interest on Loans			
Operations and maintenance Interest	**$ 360,179**	**$ 359,671**	**$ 508**
Restricted Funds			
Operations and maintenance Net expenses	(4,952,412)	(3,784,379)	(1,168,033)
Amortization expenses	3,001,433	3,171,693	(170,260)
Total expenses	**(1,950,979)**	**(612,686)**	**(1,338,293)**
Totals			
Operations and maintenance	566,114,607	556,114,876	9,999,731
Capital	162,634,464	120,919,941	41,714,523
	728,749,071	677,034,817	51,714,254
Less: Acquisition of tangible capital assets	(83,198,774)	(44,913,447)	(38,285,327)
Land development costs transferred to land held for sale	(7,042,710)	(5,398,907)	(1,643,803)
Local improvement costs transferred to loans receivable	(1,078,069)	(673,673)	(404,396)
Capital lease payments transferred to capital lease obligations	(905,601)	(913,333)	7,732
Payment for road construction materials transferred to inventories of supplies	-	(900,000)	900,000
	636,523,917	624,235,457	12,288,460
Amortization expenses	31,957,834	30,583,355	1,374,479
	$ 668,481,751	**$ 654,818,812**	**$ 13,662,939**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Yukon Legislative Assembly						
Operations and maintenance						
Legislative services	$ 2,189,000	$ -	$ -	$ 2,189,000	$ 2,025,738	$ 163,262
Legislative Assembly Office	613,000	-	-	613,000	543,054	69,946
Retirement allowances and death benefits	812,000	-	-	812,000	668,338	143,662
Hansard	399,000	-	-	399,000	350,412	48,588
Conflicts Commission	40,000	-	-	40,000	23,736	16,264
	4,053,000	**-**	**-**	**4,053,000**	**3,611,278**	**441,722**
Capital						
Legislative Assembly Office	**40,000**	**-**	**-**	**40,000**	**39,866**	**134**
Amortization expenses	7,000	-	-	7,000	6,930	70
Total expenses	4,100,000	-	-	4,100,000	3,658,074	441,926

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Elections Office						
Operations and maintenance Elections	**$ 210,000**	**$ 66,000**	**$ -**	**$ 276,000**	**$ 254,893**	**$ 21,107**
Capital Elections	**5,000**	**-**	**-**	**5,000**	**1,749**	**3,251**
Total expenses	215,000	66,000	-	281,000	256,642	24,358
Office of the Ombudsman						
Operations and maintenance Office of the Ombudsman	**417,000**	**9,000**	**-**	**426,000**	**403,506**	**22,494**
Capital Office of the Ombudsman	**14,000**	**-**	**-**	**14,000**	**13,803**	**197**
Total expenses	431,000	9,000	-	440,000	417,309	22,691

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office						
Operations and maintenance						
Corporate services	$ 2,872,000	$ -	$ -	$ 2,872,000	$ 3,014,243	$ (142,243)
Land Claims and Implementation Secretariat	9,189,000	(1,552,000)	-	7,637,000	6,710,228	926,772
Devolution	648,000	130,000	-	778,000	737,801	40,199
Intergovernmental relations	1,028,000	-	-	1,028,000	1,044,912	(16,912)
Government audit services	345,000	-	-	345,000	315,571	29,429
Office of the Commissioner	135,000	-	-	135,000	140,809	(5,809)
Development assessment process	1,183,000	(30,000)	-	1,153,000	1,069,033	83,967
Cabinet Offices	2,113,000	-	-	2,113,000	1,968,123	144,877
Water Board Secretariat	967,000	-	-	967,000	812,382	154,618
Youth Directorate	510,000	-	-	510,000	516,849	(6,849)
	18,990,000	**(1,452,000)**	**-**	**17,538,000**	**16,329,951**	**1,208,049**
Capital						
Corporate services	55,000	30,000	-	85,000	84,836	164
Land Claims and Implementation Secretariat	950,000	2,731,000	-	3,681,000	3,507,394	173,606
Youth Directorate	200,000	-	-	200,000	200,000	-
	1,205,000	**2,761,000**	**-**	**3,966,000**	**3,792,230**	**173,770**
Less acquisition of tangible capital assets	(20,000)	3,000	-	(17,000)	(16,600)	(400)
	1,185,000	2,764,000	-	3,949,000	3,775,630	173,370
Amortization expenses	12,000	(4,000)	-	8,000	7,794	206
Total expenses	20,187,000	1,308,000	-	21,495,000	20,113,375	1,381,625

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Operations and maintenance						
Corporate services	$ 4,305,000	$ -	$ -	$ 4,305,000	$ 4,037,742	$ 267,258
Protective services	13,529,000	-	-	13,529,000	13,619,000	(90,000)
Community development	28,408,000	594,000	-	29,002,000	29,069,693	(67,693)
Consumer and safety services	3,927,000	-	-	3,927,000	3,908,600	18,400
	50,169,000	**594,000**	**-**	**50,763,000**	**50,635,035**	**127,965**
Capital						
Corporate services	820,000	414,000	20,000	1,254,000	1,139,690	114,310
Protective services	2,930,000	-	-	2,930,000	2,643,846	286,154
Community development	50,187,000	1,378,000	(20,000)	51,545,000	37,800,570	13,744,430
	53,937,000	**1,792,000**	**-**	**55,729,000**	**41,584,106**	**14,144,894**
Less: Acquisition of tangible capital assets	(1,583,000)	(26,815,000)	-	(28,398,000)	(24,179,838)	(4,218,162)
Land development costs transferred to land held for sale	(11,875,000)	2,624,000	-	(9,251,000)	(6,962,383)	(2,288,617)
Local improvement costs transferred to loans receivable	(1,200,000)	(189,000)	-	(1,389,000)	(1,078,069)	(310,931)
	39,279,000	(22,588,000)	-	16,691,000	9,363,816	7,327,184
Amortization expenses	763,000	19,000	-	782,000	771,844	10,156
Total expenses	90,211,000	(21,975,000)	-	68,236,000	60,770,695	7,465,305

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Economic Development						
Operations and maintenance						
Corporate services	$ 1,365,000	$ -	$ -	$ 1,365,000	$ 1,190,660	$ 174,340
Policy, planning and research	1,284,000	(93,000)	-	1,191,000	932,911	258,089
Business and trade	1,171,000	107,000	(20,000)	1,258,000	946,442	311,558
Regional economic development	926,000	-	20,000	946,000	608,014	337,986
Strategic industries development	1,823,000	119,000	-	1,942,000	1,761,239	180,761
	6,569,000	**133,000**	**-**	**6,702,000**	**5,439,266**	**1,262,734**
Capital						
Corporate services	1,183,000	9,000	-	1,192,000	1,150,364	41,636
Policy, planning and research	100,000	1,700,000	350,000	2,150,000	1,494,785	655,215
Business and trade	1,598,000	(192,000)	(255,000)	1,151,000	814,814	336,186
Regional economic development	4,023,000	610,000	(15,000)	4,618,000	2,924,209	1,693,791
Strategic industries development	2,465,000	582,000	(80,000)	2,967,000	1,774,232	1,192,768
	9,369,000	**2,709,000**	**-**	**12,078,000**	**8,158,404**	**3,919,596**
Amortization expenses	2,000	-	-	2,000	2,000	-
Total expenses	15,940,000	2,842,000	-	18,782,000	13,599,670	5,182,330

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance						
Education support services	$ 13,308,000	$ (295,000)	$ -	$ 13,013,000	$ 12,574,382	$ 438,618
Public schools	70,554,000	989,000	-	71,543,000	71,577,921	(34,921)
Advanced education	21,602,000	181,000	-	21,783,000	21,677,751	105,249
	105,464,000	**875,000**	**-**	**106,339,000**	**105,830,054**	**508,946**
Capital						
Education support services	117,000	-	-	117,000	141,751	(24,751)
Public schools	17,288,000	(2,246,000)	-	15,042,000	11,244,359	3,797,641
Advanced education	2,535,000	656,000	-	3,191,000	2,589,713	601,287
	19,940,000	**(1,590,000)**	**-**	**18,350,000**	**13,975,823**	**4,374,177**
Less acquisition of tangible capital assets	(10,890,000)	3,332,000	-	(7,558,000)	(5,021,544)	(2,536,456)
	9,050,000	1,742,000	-	10,792,000	8,954,279	1,837,721
Amortization expenses	5,190,000	(33,000)	-	5,157,000	5,130,317	26,683
Total expenses	119,704,000	2,584,000	-	122,288,000	119,914,650	2,373,350

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance						
Corporate services	$ 3,372,000	$ -	$ (243,000)	$ 3,129,000	$ 3,181,292	$ (52,292)
Sustainable resources	6,638,000	196,000	67,000	6,901,000	6,561,234	339,766
Energy and corporate policy	1,701,000	517,000	-	2,218,000	2,074,599	143,401
Oil and gas and mineral resources	20,847,000	(462,000)	356,000	20,741,000	15,885,081	4,855,919
Yukon placer regime secretariat	-	325,000	-	325,000	379,738	(54,738)
Client services and inspections	4,460,000	-	(180,000)	4,280,000	4,273,225	6,775
	37,018,000	**576,000**	-	**37,594,000**	**32,355,169**	**5,238,831**
Capital						
Corporate services	415,000	-	(30,000)	385,000	305,014	79,986
Sustainable resources	1,405,000	322,000	(7,000)	1,720,000	1,200,289	519,711
Energy and corporate policy	100,000	-	-	100,000	54,704	45,296
Oil and gas and mineral resources	3,638,000	902,000	37,000	4,577,000	4,466,651	110,349
	5,558,000	**1,224,000**	-	**6,782,000**	**6,026,658**	**755,342**
Less: Acquisition of tangible capital assets	(217,000)	3,000	-	(214,000)	(115,602)	(98,398)
Land development costs transferred to land held for sale	(50,000)	(25,000)	-	(75,000)	(80,327)	5,327
	5,291,000	1,202,000	-	6,493,000	5,830,729	662,271
Amortization expenses	92,000	(2,000)	-	90,000	89,505	495
Total expenses	42,401,000	1,776,000	-	44,177,000	38,275,403	5,901,597

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Operations and maintenance						
General management	$ 275,000	$ -	$ -	$ 275,000	$ 283,937	$ (8,937)
Corporate services	5,112,000	65,000	(85,000)	5,092,000	4,830,810	261,190
Environmental sustainability	14,316,000	442,000	85,000	14,843,000	14,534,319	308,681
	19,703,000	**507,000**	**-**	**20,210,000**	**19,649,066**	**560,934**
Capital						
Corporate services	2,069,000	(831,000)	-	1,238,000	896,188	341,812
Environmental sustainability	1,366,000	105,000	-	1,471,000	1,443,763	27,237
	3,435,000	**(726,000)**	**-**	**2,709,000**	**2,339,951**	**369,049**
Less acquisition of tangible capital assets	(1,508,000)	915,000	-	(593,000)	(274,737)	(318,263)
	1,927,000	189,000	-	2,116,000	2,065,214	50,786
Amortization expenses	151,000	(22,000)	-	129,000	112,674	16,326
Total expenses	21,781,000	674,000	-	22,455,000	21,826,954	628,046

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Finance						
Operations and maintenance						
Treasury	$ 4,745,000	$ 1,080,000	$ -	$ 5,825,000	$ 5,173,345	$ 651,655
Workers' compensation supplementary benefits	426,000	-	-	426,000	389,624	36,376
Bad debts expense	48,000	-	-	48,000	39,128	8,872
	5,219,000	**1,080,000**	**-**	**6,299,000**	**5,602,097**	**696,903**
Capital						
Treasury	**303,000**	**-**	**-**	**303,000**	**270,916**	**32,084**
Less acquisition of tangible capital assets	(17,000)	-	-	(17,000)	(16,890)	(110)
	286,000	-	-	286,000	254,026	31,974
Amortization expenses	4,000	-	-	4,000	4,132	(132)
Total expenses	5,509,000	1,080,000	-	6,589,000	5,860,255	728,745

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance						
Policy, planning and administration	$ 4,636,000	$ 581,000	$ -	$ 5,217,000	$ 4,849,284	$ 367,716
Family and children's services	30,959,000	1,130,000	-	32,089,000	30,020,802	2,068,198
Social services	41,413,000	1,286,000	-	42,699,000	40,418,414	2,280,586
Health services	89,301,000	4,851,000	-	94,152,000	96,309,740	(2,157,740)
Regional services	4,037,000	254,000	-	4,291,000	4,205,440	85,560
	170,346,000	**8,102,000**	**-**	**178,448,000**	**175,803,680**	**2,644,320**
Capital						
Policy, planning and administration	1,086,000	99,000	-	1,185,000	764,321	420,679
Family and children's services	1,187,000	(596,000)	-	591,000	455,531	135,469
Social services	11,063,000	(6,703,000)	-	4,360,000	2,394,573	1,965,427
Health services	2,468,000	2,807,000	-	5,275,000	4,901,306	373,694
	15,804,000	**(4,393,000)**	**-**	**11,411,000**	**8,515,731**	**2,895,269**
Less acquisition of tangible capital assets	(12,559,000)	7,093,000	-	(5,466,000)	(3,844,961)	(1,621,039)
	3,245,000	2,700,000	-	5,945,000	4,670,770	1,274,230
Amortization expenses	2,173,000	450,000	-	2,623,000	2,612,371	10,629
Total expenses	175,764,000	11,252,000	-	187,016,000	183,086,821	3,929,179

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works						
Operations and maintenance						
Corporate services	$ 4,588,000	$ 7,000	$ (183,000)	$ 4,412,000	$ 4,421,968	$ (9,968)
Information and communications technology	7,320,000	(23,000)	(70,000)	7,227,000	6,952,226	274,774
Transportation	42,930,000	1,317,000	190,000	44,437,000	43,907,165	529,835
Supply services	3,084,000	-	20,000	3,104,000	3,096,675	7,325
Property management	16,064,000	-	-	16,064,000	16,506,333	(442,333)
French language services	1,529,000	-	43,000	1,572,000	1,547,532	24,468
Central Stores write-off	-	-	-	-	164	(164)
	75,515,000	**1,301,000**	-	**76,816,000**	**76,432,063**	**383,937**
Less capital lease payments transferred to capital lease obligations	-	-	-	-	(905,601)	905,601
	75,515,000	1,301,000	-	76,816,000	75,526,462	1,289,538
Capital						
Corporate services	326,000	8,000	19,000	353,000	321,285	31,715
Information and communications technology	7,924,000	2,871,000	-	10,795,000	3,514,554	7,280,446
Transportation	57,372,000	13,491,000	(39,000)	70,824,000	60,347,654	10,476,346
Supply services	95,000	19,000	-	114,000	59,000	55,000
Property management	6,348,000	(24,000)	20,000	6,344,000	4,550,872	1,793,128
French language services	6,000	-	-	6,000	5,440	560
	72,071,000	**16,365,000**	-	**88,436,000**	**68,798,805**	**19,637,195**
Less acquisition of tangible capital assets	(58,174,000)	(9,835,000)	-	(68,009,000)	(49,150,817)	(18,858,183)
	13,897,000	6,530,000	-	20,427,000	19,647,988	779,012

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works						
Amortization expenses	$ 20,500,000	$ (25,000)	$ -	$ 20,475,000	$ 19,032,787	$ 1,442,213
Total expenses	109,912,000	7,806,000	-	117,718,000	114,207,237	3,510,763
Justice						
Operations and maintenance						
Management services	2,454,000	7,000	(37,000)	2,424,000	2,246,074	177,926
Court services	4,610,000	496,000	12,000	5,118,000	4,954,590	163,410
Legal services	4,734,000	-	(54,000)	4,680,000	4,355,130	324,870
Regulatory services	861,000	342,000	104,000	1,307,000	1,325,188	(18,188)
Community and correctional services	9,872,000	7,000	-	9,879,000	9,618,587	260,413
Community justice and public safety	15,136,000	497,000	(25,000)	15,608,000	15,314,543	293,457
Human rights	489,000	-	-	489,000	477,590	11,410
	38,156,000	**1,349,000**	**-**	**39,505,000**	**38,291,702**	**1,213,298**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Justice						
Capital						
Management services	$ 371,000	$ 185,000	$ -	$ 556,000	$ 367,296	$ 188,704
Court services	48,000	-	-	48,000	37,264	10,736
Community and correctional services	987,000	621,000	-	1,608,000	1,485,757	122,243
Community justice and public safety	-	9,000	-	9,000	9,000	-
	1,406,000	**815,000**	**-**	**2,221,000**	**1,899,317**	**321,683**
Less acquisition of tangible capital assets	(265,000)	(324,000)	-	(589,000)	(562,803)	(26,197)
	1,141,000	491,000	-	1,632,000	1,336,514	295,486
Amortization expenses	587,000	(14,000)	-	573,000	562,391	10,609
Total expenses	39,884,000	1,826,000	-	41,710,000	40,190,607	1,519,393

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Public Service Commission						
Operations and maintenance						
Finance and administration	$ 534,000	$ 20,000	$ -	$ 554,000	$ 613,470	$ (59,470)
Corporate human resource services	2,304,000	-	-	2,304,000	2,122,012	181,988
Employee compensation	1,441,000	45,000	-	1,486,000	1,331,098	154,902
Staff relations	1,062,000	-	-	1,062,000	988,658	73,342
Workers' compensation fund	3,880,000	-	-	3,880,000	4,118,947	(238,947)
Human resource management systems	444,000	-	-	444,000	494,815	(50,815)
Policy and planning	834,000	(65,000)	-	769,000	615,555	153,445
Employee future benefits	4,074,000	4,460,000	-	8,534,000	10,690,285	(2,156,285)
Staff development	3,533,000	(400,000)	-	3,133,000	2,903,200	229,800
	18,106,000	**4,060,000**	**-**	**22,166,000**	**23,878,040**	**(1,712,040)**
Capital						
Finance and administration	**52,000**	**-**	**-**	**52,000**	**52,900**	**(900)**
Less acquisition of tangible capital assets	(18,000)	-	-	(18,000)	(14,982)	(3,018)
	34,000	-	-	34,000	37,918	(3,918)
Amortization expenses	13,000	(2,000)	-	11,000	10,790	210
Total expenses	18,153,000	4,058,000	-	22,211,000	23,926,748	(1,715,748)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Operations and maintenance						
Corporate services	$ 2,287,000	$ -	$ -	$ 2,287,000	$ 2,233,594	$ 53,406
Cultural services	4,349,000	17,000	61,000	4,427,000	4,412,745	14,255
Tourism	7,514,000	1,050,000	(61,000)	8,503,000	7,324,425	1,178,575
	14,150,000	**1,067,000**	**-**	**15,217,000**	**13,970,764**	**1,246,236**
Capital						
Corporate services	250,000	-	-	250,000	216,686	33,314
Cultural services	3,388,000	658,000	125,000	4,171,000	3,711,468	459,532
Tourism	1,403,000	123,000	(125,000)	1,401,000	1,192,905	208,095
	5,041,000	**781,000**	**-**	**5,822,000**	**5,121,059**	**700,941**
Amortization expenses	604,000	-	-	604,000	612,866	(8,866)
Total expenses	19,795,000	1,848,000	-	21,643,000	19,704,689	1,938,311

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Women's Directorate						
Operations and maintenance						
Policy and program development	**$ 810,000**	**$ 72,000**	**$ -**	**$ 882,000**	**$ 882,982**	**$ (982)**
Capital						
Policy and program development	**4,000**	**6,000**	**-**	**10,000**	**9,469**	**531**
Total expenses	814,000	78,000	-	892,000	892,451	(451)
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance	**2,529,000**	**(300,000)**	**-**	**2,229,000**	**1,337,294**	**891,706**
Capital	**2,540,000**	**-**	**-**	**2,540,000**	**2,033,677**	**506,323**
Total expenses	5,069,000	(300,000)	-	4,769,000	3,370,971	1,398,029
Interest on Loans						
Operations and maintenance						
Interest	**360,000**	**-**	**-**	**360,000**	**360,179**	**(179)**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department for the year ended March 31, 2006

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Restricted Funds						
Operations and maintenance Net expenses	$ -	$ -	$ -	$ -	$ (4,952,412)	$ 4,952,412
Amortization expenses	-	-	-	-	3,001,433	(3,001,433)
Total expenses	-	-	-	-	(1,950,979)	1,950,979
Totals						
Operations and maintenance	567,784,000	18,039,000	-	585,823,000	566,114,607	19,708,393
Capital	190,724,000	19,744,000	-	210,468,000	162,634,464	47,833,536
Less: Acquisition of tangible capital assets	(85,251,000)	(25,628,000)	-	(110,879,000)	(83,198,774)	(27,680,226)
Land development costs transferred to land held for sale	(11,925,000)	2,599,000	-	(9,326,000)	(7,042,710)	(2,283,290)
Local improvement costs transferred to loans receivable	(1,200,000)	(189,000)	-	(1,389,000)	(1,078,069)	(310,931)
Capital lease payments transferred to capital lease obligations	-	-	-	-	(905,601)	905,601
Amortization expenses	30,098,000	367,000	-	30,465,000	31,957,834	(1,492,834)
	$ 690,230,000	$ 14,932,000	$ -	$ 705,162,000	$ 668,481,751	$ 36,680,249

GOVERNMENT OF YUKON

Schedule 5

Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2006

Department	Over Accruals	Other Recoveries	Total
Health and Social Services	$ 485,504	$ 7,977	$ 493,481
Justice	264,376	59,184	323,560
Tourism and Culture	99,172	68,315	167,487
Education	86,083	3,130	89,213
Economic Development	38,929	-	38,929
Highways and Public Works	17,458	2,562	20,020
Executive Council Office	11,400	-	11,400
Community Services	-	1,010	1,010
Ombudsman	418	-	418
Environment	88	-	88
	$ 1,003,428	**$ 142,178**	**$ 1,145,606**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2006

	Recycling Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Property Management Revolving Fund	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	2006 Total	2005 Total
Revenues											
Appropriation	$ -	$ 77,000	$ -	$ -	$ -	$ -	$16,053,237	$ 6,500,000	$ 1,249,000	$ 23,879,237	$ 24,983,121
Operating	2,429,149	-	3,990	11,127,038	564,354	3,327,860	14,141,755	714,164	200,274	32,508,584	43,355,082
	2,429,149	77,000	3,990	11,127,038	564,354	3,327,860	30,194,992	7,214,164	1,449,274	56,387,821	68,338,203
Expenses											
Operating	2,362,418	235,660	-	8,156,588	534,109	2,601,691	30,647,675	6,103,933	371,239	51,013,313	64,785,667
Amortization	-	-	-	2,050,427	42,796	908,210	-	-	-	3,001,433	3,171,693
	2,362,418	235,660	-	10,207,015	576,905	3,509,901	30,647,675	6,103,933	371,239	54,014,746	67,957,360
Net profit (loss) from operations	66,731	(158,660)	3,990	920,023	(12,551)	(182,041)	(452,683)	1,110,231	1,078,035	2,373,075	380,843
Excess loss covered by appropriation	-	-	-	-	-	-	453,096	-	-	453,096	450,346
Net profit (loss) for the year	66,731	(158,660)	3,990	920,023	(12,551)	(182,041)	413	1,110,231	1,078,035	2,826,171	831,189
Adjustments for the *Financial Administration Act* requirements											
Acquisition of capital assets	-	-	-	(2,048,591)	-	(1,199,339)	-	-	-	(3,247,930)	(1,316,211)
Amortization of capital assets net of amortization of deferred capital contributions	-	-	-	2,050,427	42,796	816,587	-	-	-	2,909,810	3,057,457
Gain on sale of capital assets	-	-	-	(245,471)	-	(67,481)	-	-	-	(312,952)	(15,232)
Proceeds on sale of capital assets	-	-	-	416,663	-	175,694	-	-	-	592,357	31,164
Balance at beginning of year	392,310	99,443	29,386	4,989,684	154,198	1,598,800	-	76,801	1,019,758	8,360,380	5,772,013
Balance at end of year	$ 459,041	$ (59,217)	$ 33,376	$ 6,082,735	$ 184,443	$ 1,142,220	$ 413	$ 1,187,032	$ 2,097,793	$ 11,127,836	$ 8,360,380

GOVERNMENT OF YUKON

Schedule 6
Continued

Schedule of Restricted Funds
for the year ended March 31, 2006

	Recycling Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Property Management Revolving Fund	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	2006 Total	2005 Total
Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:											
Assets											
Accounts receivable	$ 869,161	$ -	$ -	$ -	$ 727	$ 16,340	$ 275,457	$ -	$ -	$ 1,161,685	$ 363,685
Tangible capital assets	-	-	-	17,128,063	149,838	4,492,265	-	-	-	21,770,166	21,844,372
(Deferred capital contributions)	-	-	-	-	-	(332,196)	-	-	-	(332,196)	(465,668)
	869,161	-	-	17,128,063	150,565	4,176,409	275,457	-	-	22,599,655	21,742,389
Liabilities											
Accounts payable and accrued liabilities	499	-	-	-	30,277	497,690	884,089	-	437,550	1,850,105	2,368,798
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:											
Accumulated surplus (deficit)	$ 459,041	$ (59,217)	$ 33,376	$23,210,799	$ (3,718)	$ 2,787,638	$ 413	$ 1,187,032	$ 2,097,793	$ 29,713,157	$ 26,886,988

GOVERNMENT OF YUKON

Schedule 7

Schedule of Inventory Revolving Funds for the year ended March 31, 2006

	Garage Parts and Fuel Inventory Revolving Fund	Central Stores Revolving Fund	Highway Materials Revolving Fund	2006 Total	2005 Total
Opening inventory	$ 1,077,798	$ 421,671	$ 1,740,761	$ 3,240,230	$ 3,639,578
Add purchases	2,298,504	1,551,204	3,023,863	6,873,571	5,442,823
	3,376,302	1,972,875	4,764,624	10,113,801	9,082,401
Less: Consumption	2,137,029	1,407,982	2,350,384	5,895,395	5,789,683
Inventory adjustments	-	(1,327)	(20)	(1,347)	52,488
Closing inventory	**$ 1,239,273**	**$ 566,220**	**$ 2,414,260**	**$ 4,219,753**	**$ 3,240,230**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Executive Council Office					
First Nations organizations	$ 5,000	$ -	$ 5,000	$ 2,000	$ 3,000
Fathers of Confederation trust	5,000	-	5,000	5,000	-
	10,000	**-**	**10,000**	**7,000**	**3,000**
Community Services					
Operations and maintenance					
In lieu of property taxes	4,196,000	92,000	4,288,000	4,288,263	(263)
Community/local advisory council operation and maintenance grants	70,000	-	70,000	61,430	8,570
Home owner grants	2,806,000	35,000	2,841,000	2,881,363	(40,363)
Comprehensive municipal grants	12,538,000	-	12,538,000	12,538,010	(10)
	19,610,000	**127,000**	**19,737,000**	**19,769,066**	**(32,066)**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Education					
Operations and maintenance					
Teacher training (French bursaries)	$ 10,000	$ -	$ 10,000	$ 10,000	$ -
Post secondary student grants	4,042,000	-	4,042,000	4,136,811	(94,811)
Post secondary student scholarships	74,000	-	74,000	74,000	-
	4,126,000	**-**	**4,126,000**	**4,220,811**	**(94,811)**
Environment					
Operations and maintenance					
Wildlife health fund	1,000	-	1,000	1,000	-
Canadian Cooperative Wildlife Health Centre	7,000	-	7,000	8,000	(1,000)
Fur Institute of Canada	6,000	-	6,000	6,000	-
	14,000	**-**	**14,000**	**15,000**	**(1,000)**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Finance					
Operations and maintenance					
Energy rebate program	$ -	$ 1,080,000	$ 1,080,000	$ 708,750	$ 371,250
Health and Social Services					
Operations and maintenance					
Adoption subsidies	87,000	-	87,000	121,068	(34,068)
Child care subsidies	2,854,000	40,000	2,894,000	2,622,568	271,432
Federal child benefit - Whitehorse	180,000	38,000	218,000	214,984	3,016
Youth allowance	2,000	-	2,000	1,384	616
Alcohol and drug - education and prevention	10,000	-	10,000	12,008	(2,008)
Employment incentive grants	357,000	-	357,000	195,236	161,764
Social assistance - Whitehorse	7,956,000	150,000	8,106,000	8,123,894	(17,894)
Yukon seniors' income supplement	228,000	-	228,000	212,309	15,691
Pioneer utility grant	920,000	-	920,000	1,063,352	(143,352)
Rehabilitation subsidies	25,000	-	25,000	7,599	17,401
In lieu of property taxes - continuing care	250,000	-	250,000	200,643	49,357
Medical travel subsidies	165,000	-	165,000	175,669	(10,669)
In lieu of property taxes - community nursing	64,000	-	64,000	57,480	6,520
Federal child benefit - region	43,000	28,000	71,000	72,323	(1,323)
Social assistance - region	940,000	-	940,000	755,751	184,249
	14,081,000	**256,000**	**14,337,000**	**13,836,268**	**500,732**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Justice					
Operations and maintenance					
Institutional facilities inmate allowance	$ 50,000	$ -	$ 50,000	$ 43,915	$ 6,085
Human Rights Commission	451,000	-	451,000	451,000	-
Yukon Workers Compensation Health & Safety Board	-	330,000	330,000	330,000	-
	501,000	**330,000**	**831,000**	**824,915**	**6,085**
Tourism and Culture					
Operations and maintenance					
Arts Centre corporation	**649,000**	-	**649,000**	**649,000**	-
Women's Directorate					
Operations and maintenance					
Community workshops on family violence	**5,000**	-	**5,000**	**5,000**	-
Totals					
Operations and maintenance	**$ 38,996,000**	**$ 1,793,000**	**$ 40,789,000**	**$ 40,035,810**	**$ 753,190**

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office						
Operations and maintenance						
Land claims implementation initiatives	$ 3,490,000	$ (735,000)	$ -	$ 2,755,000	$ 2,758,879	$ (3,879)
Various First Nations	50,000	-	-	50,000	-	50,000
Community language initiatives	910,000	-	-	910,000	825,394	84,606
First Nations organizations	5,000	-	-	5,000	2,428	2,572
Vuntut Gwitchin First Nation	50,000	-	-	50,000	50,000	-
Commissioner's entertainment allowance	5,000	-	-	5,000	3,833	1,167
Klondike Visitors Association	5,000	-	-	5,000	-	5,000
Potlatch Society	5,000	-	-	5,000	5,000	-
Youth strategy initiatives	397,000	-	-	397,000	383,469	13,531
Canadian Red Cross Society	-	25,000	-	25,000	50,000	(25,000)
Successor resource legislation working group	-	112,000	-	112,000	89,287	22,713
Teslin Tlingit Council	-	-	-	-	6,289	(6,289)
	4,917,000	**(598,000)**	**-**	**4,319,000**	**4,174,579**	**144,421**
Capital						
First Nations support/agreements	300,000	25,000	-	325,000	260,664	64,336
Youth strategy initiatives	200,000	-	-	200,000	200,000	-
Land claims implementation initiatives	-	-	-	-	3,140,481	(3,140,481)
	500,000	**25,000**	**-**	**525,000**	**3,601,145**	**(3,076,145)**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Operations and maintenance						
Emergency measures preparation	$ 5,000	$ -	$ -	$ 5,000	$ 5,000	$ -
Community recreation/active living	695,000	-	-	695,000	684,394	10,606
Sport	1,464,000	52,000	-	1,516,000	1,518,489	(2,489)
Association of Yukon Communities	100,000	-	-	100,000	100,000	-
Volunteer Bureau	70,000	-	-	70,000	72,000	(2,000)
Mae Bachur Animal Shelter	75,000	-	-	75,000	75,000	-
Dawson Humane Society	20,000	-	-	20,000	20,000	-
Community library boards	330,000	-	-	330,000	316,065	13,935
	2,759,000	**52,000**	-	**2,811,000**	**2,790,948**	**20,052**
Capital						
FireSmart	1,350,000	-	-	1,350,000	1,096,353	253,647
Canada Winter Games infrastructure	667,000	10,000	-	677,000	738,285	(61,285)
Canada Winter Games Host Society	12,100,000	(12,100,000)	-	-	-	-
Recreation/community centres - various	60,000	-	-	60,000	14,975	45,025
Teslin arena upgrade	1,000,000	-	-	1,000,000	194,984	805,016
Klondike Institute of Art and Culture	500,000	500,000	-	1,000,000	812,144	187,856
Carmacks sewage treatment	2,000,000	(1,800,000)	-	200,000	-	200,000
Burwash sewage lagoon	1,200,000	(1,100,000)	-	100,000	80,127	19,873
Canadian strategic infrastructure fund	8,800,000	(7,920,000)	-	880,000	-	880,000
Municipal rural infrastructure fund	7,760,000	(3,309,000)	-	4,451,000	1,039,654	3,411,346
Haines Junction water well	-	170,000	-	170,000	170,000	-
Old Crow riverbank stabilization	-	300,000	-	300,000	-	300,000
Extra-ordinary funding for:						
Canadian strategic infrastructure fund						
- Carmacks sewage treatment	-	20,000	-	20,000	-	20,000

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Capital (continued)						
Municipal rural infrastructure fund						
- Village of Mayo - community centre	$ -	$ 1,377,000	$ -	$ 1,377,000	$ -	$ 1,377,000
- Teslin sewer main	-	444,000	-	444,000	443,863	137
Kluane First Nation - Copper Joe Road	-	-	-	-	48,700	(48,700)
Watson Lake library board	-	-	-	-	29,000	(29,000)
	35,437,000	**(23,408,000)**	**-**	**12,029,000**	**4,668,085**	**7,360,915**
Economic Development						
Operations and maintenance						
Trade initiatives	30,000	-	-	30,000	5,000	25,000
Yukon Chamber of Commerce						
- operation support	36,000	-	-	36,000	36,000	-
- Alaska trade show	8,000	-	-	8,000	-	8,000
- Canada-Yukon Business Service Centre	45,000	-	-	45,000	45,000	-
- Motivational speaker series	-	-	-	-	12,620	(12,620)
Yukon Federation of Labour	36,000	-	-	36,000	36,000	-
Yukon Building and Construction Trades Council	15,000	-	-	15,000	15,000	-
Business Development Bank of Canada	5,000	-	-	5,000	5,000	-
Recording Arts Industry Yukon Association	50,000	-	6,000	56,000	66,000	(10,000)
Whitehorse Chamber of Commerce	15,000	-	-	15,000	10,000	5,000
Yukon Information Technology Industry Society	15,000	-	-	15,000	7,500	7,500
Technology Innovation Centre	85,000	-	-	85,000	85,000	-
Yukon Film Society						
- picturing the Yukon 2005	-	6,000	-	6,000	6,000	-
- website development	-	-	2,000	2,000	2,000	-
- light film festival	-	-	-	-	6,850	(6,850)

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Economic Development						
Operations and maintenance (continued)						
City of Whitehorse riverfront plan	$ -	$ -	$ 40,000	$ 40,000	$ 40,000	$ -
Momentum and Northern Sights II	-	-	10,000	10,000	5,000	5,000
Northern film and video	-	-	2,000	2,000	2,000	-
Dawson City Arts Society						
- website development	-	-	2,000	2,000	2,000	-
- short film festival	-	-	-	-	4,000	(4,000)
Yukon Quest	-	-	-	-	10,000	(10,000)
Carmacks Development Corporation	-	-	-	-	22,320	(22,320)
Yukon First Nations Tourism Marketing Association	-	-	-	-	5,000	(5,000)
Yukon Net Operating Society	-	-	-	-	2,100	(2,100)
	340,000	**6,000**	**62,000**	**408,000**	**430,390**	**(22,390)**
Capital						
Micro loan program	98,000	-	-	98,000	98,000	-
Dana Naye Ventures business development program	300,000	-		300,000	300,000	-
Enterprise trade fund	850,000	(192,000)	(100,000)	558,000	310,516	247,484
Regional economic development fund	450,000	2,000	-	452,000	198,495	253,505
Community development fund	3,192,000	608,000	-	3,800,000	2,408,159	1,391,841
Strategic industries development fund	1,200,000	138,000	-	1,338,000	1,041,059	296,941
Technology Innovation Centre	150,000	58,000	-	208,000	156,742	51,258
Technology partnerships	100,000	353,000	(100,000)	353,000	63,553	289,447
Film and sound incentive programs	675,000	33,000	60,000	768,000	234,838	533,162
Yukon Alaska rail link	-	1,700,000	-	1,700,000	1,268,215	431,785
	7,015,000	**2,700,000**	**(140,000)**	**9,575,000**	**6,079,577**	**3,495,423**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance						
Education related organizations	$ 9,000	$ -	$ 53,000	$ 62,000	$ 61,890	$ 110
Student transportation	116,000	-	-	116,000	119,480	(3,480)
Special payments for education-related events/student activities	59,000	(9,000)	13,000	63,000	57,307	5,693
Student accommodation (boarding subsidy)	115,000	-	-	115,000	139,536	(24,536)
Yukon Teachers' Association						
- professional development fund	362,000	-	-	362,000	362,000	-
- teacher mentoring fund	50,000	-	-	50,000	50,000	-
Remuneration school councils/committees	148,000	-	-	148,000	148,125	(125)
Native language program	352,000	-	-	352,000	352,000	-
Arts contributions	19,000	-	-	19,000	19,000	-
Yukon Francophone School Board						
- operations	74,000	-	-	74,000	56,000	18,000
- special initiatives	136,000	237,000	-	373,000	398,000	(25,000)
Association franco-yukonnaise						
- special initiatives	50,000	170,000	-	220,000	220,000	-
Interchange on Canadian studies	9,000	-	(9,000)	-	-	-
First Nations elder program	30,000	15,000	-	45,000	45,160	(160)
Western and Northern Canada Protocol First Nation language and culture	20,000	-	(7,000)	13,000	13,500	(500)
French cultural activities	19,000	16,000	-	35,000	34,700	300
Filling in the cracks	15,000	(15,000)	-	-	-	-
Curriculum support initiatives	56,000	-	43,000	99,000	98,768	232
Association of Yukon School Councils, boards and committees	119,000	-	(27,000)	92,000	86,962	5,038
Tr'ondek Hwech'in First Nation	25,000	-	(25,000)	-	-	-
Stay in school initiatives	10,000	20,000	-	30,000	30,000	-

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance (continued)						
Yukon College	$ 13,002,000	$ -	$ -	$ 13,002,000	$ 13,002,863	$ (863)
Yukon College						
- college board	20,000	-	-	20,000	20,000	-
- bachelor of social work	370,000	-	-	370,000	370,000	-
- Yukon native teacher education program	540,000	-	-	540,000	540,000	-
- fetal alcohol syndrome disorder	133,000	-	-	133,000	132,705	295
- innovators in school program	57,000	-	-	57,000	57,000	-
- seat purchases	580,000	-	-	580,000	617,692	(37,692)
- school of visual arts	-	167,000	-	167,000	2,000	165,000
- Canada Winter Games	-	-	20,000	20,000	20,000	-
Student training and employment program	366,000	(50,000)	(10,000)	306,000	304,272	1,728
Apprenticeship initiatives	36,000	-	-	36,000	36,254	(254)
Literacy initiatives	100,000	-	(100,000)	-	-	-
Canada/Yukon summer program	114,000	-	(10,000)	104,000	103,184	816
Yukon Learn	150,000	-	100,000	250,000	250,000	-
Labour market initiatives	4,000	-	-	4,000	3,840	160
Education reform	-	172,000	13,000	185,000	211,816	(26,816)
Home tutor program	-	365,000	(13,000)	352,000	316,632	35,368
School cultural activities	-	250,000	32,000	282,000	214,276	67,724
First Nations curriculum development/implementation	-	25,000	22,000	47,000	47,410	(410)
Council of Yukon First Nations	-	-	80,000	80,000	80,000	-
	17,265,000	**1,363,000**	**175,000**	**18,803,000**	**18,622,372**	**180,628**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Capital						
Yukon College capital	$ 750,000	$ -	$ -	$ 750,000	$ 750,000	$ -
Community training fund	1,500,000	261,000	(62,000)	1,699,000	1,678,124	20,876
Canada-Yukon youth internship program	200,000	-	-	200,000	-	200,000
Yukon work information network	35,000	-	-	35,000	35,000	-
Yukon College - school of visual arts	-	376,000	-	376,000	-	376,000
Selkirk First Nation - EVB portable	-	-	-	-	65,524	(65,524)
	2,485,000	**637,000**	**(62,000)**	**3,060,000**	**2,528,648**	**531,352**
Energy, Mines and Resources						
Operations and maintenance						
Forest sector trust fund	1,000,000	-	-	1,000,000	1,000,000	-
Yukon Forest Industry Association	10,000	-	-	10,000	-	10,000
Canadian Forest Services	15,000	-	(15,000)	-	-	-
Yukon Agricultural Association						
- operational funding	25,000	-	-	25,000	25,000	-
- agriculture policy framework agreement - (transitional funding)	81,000	90,000	-	171,000	167,764	3,236
- agriculture policy framework agreement - various recipients	50,000	150,000	-	200,000	90,229	109,771
Utilities Consumers Group	3,000	-	-	3,000	3,000	-
Kaska Tribal Council	100,000	-	-	100,000	100,000	-
Type II mine site reclamation - various Yukon First Nations	570,000	295,000	-	865,000	299,962	565,038
Memorandum of understanding - various Yukon First Nations	25,000	-	-	25,000	-	25,000

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance (continued)						
Klondike Placer Miners' Association						
- operational funding	$ 15,000	$ 15,000	$ -	$ 30,000	$ 30,000	$ -
Yukon Chamber of Mines						
- operational funding	45,000	-	-	45,000	45,000	-
- training trust fund	400,000	15,000	-	415,000	430,000	(15,000)
Yukon Placer Committee	50,000	-	(35,000)	15,000	-	15,000
Mining Association of Canada	15,000	-	(15,000)	-	-	-
Kaska Forest Stewardship Council	-	267,000	-	267,000	267,000	-
National water supply expansion program						
- various recipients	-	100,000	-	100,000	-	100,000
Yukon Chamber of Commerce						
- one time sponsorship funding	-	10,000	-	10,000	10,000	-
Vuntut Gwitchin First Nation	-	-	1,000	1,000	1,000	-
University of Alberta sustainable forest network	-	-	75,000	75,000	75,000	-
Kaska Forest Management Committee	-	-	20,000	20,000	20,000	-
Yukon Chamber of Commerce	-	-	21,000	21,000	32,000	(11,000)
Forintek	-	-	5,000	5,000	5,000	-
Teslin Renewable Resource Council	-	-	10,000	10,000	5,764	4,236
Alsek Renewable Resource Council	-	-	10,000	10,000	9,497	503
Ross River Dena Council	-	-	55,000	55,000	49,547	5,453
Champagne and Aishihik First Nation	-	-	-	-	5,000	(5,000)
Yukon Agricultural Association						
- abattoir	-	-	-	-	9,000	(9,000)
- calendar	-	-	-	-	4,500	(4,500)
Yukon Sustainable Energy Association	-	-	-	-	500	(500)
Geological surveys - various universities	-	-	-	-	28,955	(28,955)
	2,404,000	**942,000**	**132,000**	**3,478,000**	**2,713,718**	**764,282**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Capital						
Forest management plans implementation	$ 250,000	$ (100,000)	$ (50,000)	$ 100,000	$ 82,767	$ 17,233
Resource infrastructure development	50,000	(50,000)	30,000	30,000	17,000	13,000
Alaska Highway pipeline analysis	275,000	-	(175,000)	100,000	54,271	45,729
Alaska Highway aboriginal pipeline coalition	200,000	-	-	200,000	168,045	31,955
Geological surveys	100,000	-	-	100,000	50,000	50,000
Yukon mining incentives program	728,000	-	(50,000)	678,000	655,892	22,108
Resource assessments - minerals	200,000	820,000	33,000	1,053,000	1,065,625	(12,625)
Resource Assessments - oil and gas	-	-	13,000	13,000	13,000	-
University of Alberta sustainable forest network	-	-	50,000	50,000	50,000	-
	1,803,000	**670,000**	**(149,000)**	**2,324,000**	**2,156,600**	**167,400**
Environment						
Operations and maintenance						
Yukon Wildlife Preserve	550,000	-	-	550,000	550,000	-
Environmental public awareness	30,000	-	-	30,000	30,000	-
Yukon Conservation Society	35,000	-	-	35,000	35,000	-
Wildlife Management Advisory Council	209,000	-	-	209,000	213,563	(4,563)
Porcupine Caribou Management Board	48,000	-	4,000	52,000	52,000	-
Yukon College	45,000	-	5,000	50,000	47,050	2,950
Yukon Trappers Association	68,000	-	22,000	90,000	77,610	12,390
Arctic Borderland Ecological Knowledge Society	5,000	-	-	5,000	3,000	2,000
Whitehorse Fish Hatchery	75,000	-	(17,000)	58,000	58,000	-
Yukon Fish and Game Association	35,000	-	27,000	62,000	58,000	4,000
Southern Lakes Caribou Steering Committee	18,000	-	(18,000)	-	-	-
Canadian Wildlife Directors Secretariat	4,000	-	-	4,000	4,000	-
Yukon River panel	30,000	-	-	30,000	30,000	-

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Operations and maintenance (continued)						
Global warming/climate change	$ 75,000	$ -	$ -	$ 75,000	$ 85,000	$ (10,000)
Waste reduction initiatives	80,000	-	(9,000)	71,000	65,803	5,197
Ducks Unlimited	-	15,000	-	15,000	15,000	-
Tr'ondek Hwech'in First Nation	-	-	15,000	15,000	14,961	39
Yukon Fish and Wildlife Management Board	-	-	5,000	5,000	5,000	-
University of Saskatchewan	-	-	1,000	1,000	-	1,000
State of Alaska Fish and Game	-	-	5,000	5,000	4,927	73
University of Alberta	-	-	5,000	5,000	5,000	-
Simon Fraser University	-	-	13,000	13,000	13,330	(330)
University of British Columbia	-	-	5,000	5,000	5,000	-
Royal B.C. Museum	-	-	6,000	6,000	6,000	-
B.C. Environmental Stewardship Division	-	-	1,000	1,000	1,500	(500)
Yukon Environmental Network	-	-	1,000	1,000	800	200
Third Eye Mind	-	-	2,000	2,000	2,000	-
Canadian Wildlife Federation	-	-	1,000	1,000	1,000	-
Government of North West Territories	-	-	-	-	5,000	(5,000)
	1,307,000	**15,000**	**74,000**	**1,396,000**	**1,388,544**	**7,456**
Capital						
Simon Fraser University	-	-	14,000	14,000	13,216	784
Kaska Tribal Council	-	-	6,000	6,000	5,880	120
Vuntut Development Corporation	-	-	30,000	30,000	30,000	-
Arctic Institute of North America	-	-	3,000	3,000	3,000	-
Yukon Energy - Spawntake	-	-	12,000	12,000	12,000	-
Yukon Energy - Hatchery	-	-	25,000	25,000	25,000	-
	-	**-**	**90,000**	**90,000**	**89,096**	**904**

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Finance						
Operations and maintenance						
Public utilities income tax transfer	$ 213,000	$ -	$ -	$ 213,000	$ 212,700	$ 300
Workers' compensation supplementary benefits	426,000	-	-	426,000	389,624	36,376
	639,000	**-**	**-**	**639,000**	**602,324**	**36,676**
Health and Social Services						
Operations and maintenance						
Yukon Health and Social Services Council	40,000	-	-	40,000	34,598	5,402
United Way	10,000	-	-	10,000	10,000	-
Kids' recreation fund	60,000	140,000	-	200,000	140,000	60,000
Food for learning	30,000	-	-	30,000	41,750	(11,750)
Kwanlin Dun First Nation child welfare	64,000	-	-	64,000	65,000	(1,000)
Community development projects	10,000	-	-	10,000	10,000	-
Foster Parent Association	10,000	-	-	10,000	10,000	-
Child care operating funds	2,335,000	-	-	2,335,000	2,149,442	185,558
Whitehorse Transit - Handi Bus	184,000	-	-	184,000	183,806	194
Salvation Army	68,000	-	-	68,000	68,000	-
Primary health care transition fund		-				
- Child Development Centre	70,000	-	-	70,000	-	70,000
- FAS Society of the Yukon	70,000	-	-	70,000	-	70,000
- ambulatory care reporting	60,000	-	-	60,000	30,000	30,000
- diabetes chronic disease management	-	-	-	-	24,000	(24,000)
Yukon Medical Association						
- medical practice insurance	262,000	-	-	262,000	262,000	-
- education	200,000	-	-	200,000	237,500	(37,500)
- physician recruitment/retention initiatives	127,000	-	-	127,000	277,500	(150,500)
Medical student bursary	10,000	-	-	10,000	-	10,000
Rural incentive	5,000	-	-	5,000	-	5,000

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance (continued)						
Yukon hospital insurance services	$ 8,810,000	$ 1,518,000	$ -	$ 10,328,000	$ 12,682,770	$ (2,354,770)
Yukon Hospital Corporation	25,528,000	350,000	-	25,878,000	25,957,501	(79,501)
Health promotion - Liard Basin task force	70,000	-	-	70,000	70,000	-
Recreation and Parks Association	15,000	-	-	15,000	15,000	-
Health investment fund	77,000	-	-	77,000	77,000	-
Yukon Registered Nurses Association						
- nursing education fund	60,000	-	-	60,000	59,829	171
- nursing advisory committee	10,000	-	-	10,000	17,491	(7,491)
- nurses post basic specialty education fund	75,000	-	-	75,000	75,000	-
Rural emergency medical services	30,000	-	-	30,000	28,000	2,000
Liard family support	43,000	-	-	43,000	43,000	-
Ross River Dena family support	44,000	-	-	44,000	43,000	1,000
Vuntut Gwitchin First Nation Youth Programs	-	67,000	-	67,000	69,000	(2,000)
Healthy children	-	30,000	-	30,000	42,432	(12,432)
Council of Yukon First Nations	-	90,000	95,000	185,000	81,581	103,419
Victoria Faulkner Women's Centre - accommodation	-	28,000	-	28,000	28,800	(800)
Alberta health insurance	-	-	-	-	13,000	(13,000)
	38,377,000	**2,223,000**	**95,000**	**40,695,000**	**42,847,000**	**(2,152,000)**
Capital						
Child care services development	100,000	-	-	100,000	79,481	20,519
Women's shelters - renovations and equipment	15,000	-	-	15,000	15,000	-
Yukon Hospital Corporation - equipment	660,000	400,000	-	1,060,000	1,060,000	-
Thomson Centre - Renovations	-	1,000,000	-	1,000,000	1,000,000	-
	775,000	**1,400,000**	**-**	**2,175,000**	**2,154,481**	**20,519**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways & Public Works						
Operations and maintenance						
Miles Canyon Historical Railway Society	$ 72,000	$ -	$ (16,000)	$ 56,000	$ 55,968	$ 32
Association franco-yukonnaise	140,000	(128,000)	22,000	34,000	34,500	(500)
	212,000	**(128,000)**	**6,000**	**90,000**	**90,468**	**(468)**
Capital						
Natural Resources Canada	10,000	-	(10,000)	-	-	-
Federal GeoBase Secretariat	3,000	-	(3,000)	-	-	-
Yukon Information Technology Industry Society	-	-	5,000	5,000	5,000	-
Habitat for humanity	-	-	-	-	10,986	(10,986)
Computers for school	-	-	-	-	5,010	(5,010)
Kluane First Nation	-	-	-	-	10,000	(10,000)
	13,000	**-**	**(8,000)**	**5,000**	**30,996**	**(25,996)**
Justice						
Operations and maintenance						
Yukon Legal Services Society (legal aid)	1,592,000	-	-	1,592,000	1,510,614	81,386
Aboriginal courtworker program	321,000	-	-	321,000	361,879	(40,879)
Yukon Public Legal Education Association	85,000	-	-	85,000	63,750	21,250
Yukon Utilities Board	100,000	12,000	104,000	216,000	-	216,000
Community residential centre (Salvation Army)	400,000	-	-	400,000	399,100	900
Youth leadership program	168,000	-	-	168,000	168,000	-
Community justice projects	307,000	-	-	307,000	309,357	(2,357)
RCMP - criminal records check	-	-	-	-	7,500	(7,500)
	2,973,000	**12,000**	**104,000**	**3,089,000**	**2,820,200**	**268,800**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Justice						
Capital						
Council of Yukon First Nations	**$ 172,000**	**$ 6,000**	**$ -**	**$ 178,000**	**$ 239,185**	**$ (61,185)**
Tourism and Culture						
Operations and maintenance						
Yukon Science Institute	17,000	-	-	17,000	16,500	500
Museums						
- general operation, maintenance and training support	178,000	-	-	178,000	178,000	-
Yukon Recreation Advisory Committee arts group	425,000	-	-	425,000	424,500	500
Artist in school	25,000	-	-	25,000	25,000	-
Advanced artist award	80,000	-	10,000	90,000	90,626	(626)
Dawson City Arts Society	250,000	-	-	250,000	250,000	-
Friends of Yukon Archives Society	9,000	-	-	9,000	9,000	-
Stay another day						
- arts themed events	151,000	-	3,000	154,000	150,000	4,000
- tourism	25,000	-	(18,000)	7,000	7,500	(500)
Yukon Convention Bureau Society	200,000	-	-	200,000	200,000	-
Alaska Travel Industry Association	275,000	-	(275,000)	-	-	-
Wilderness Tourism Association of the Yukon	264,000	-	-	264,000	264,000	-
Tourism North	125,000	-	-	125,000	124,598	402
Yukon Quest	150,000	-	-	150,000	150,000	-
Sourdough Rendezvous	15,000	-	35,000	50,000	50,000	-
Tourism Industry Association of Yukon	164,000	-	-	164,000	164,000	-
Yukon tourism marketing partnership	100,000	-	-	100,000	100,000	-

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Operations and maintenance (continued)						
First Nation Tourism Association	$ 60,000	$ -	$ -	$ 60,000	$ 60,000	$ -
Canada Winter Games Host Society	-	1,000,000	-	1,000,000	-	1,000,000
Miles Canyon Historical Society	-	-	3,000	3,000	-	3,000
	2,513,000	**1,000,000**	**(242,000)**	**3,271,000**	**2,263,724**	**1,007,276**
Tourism and Culture						
Capital						
Museums assistance	435,000	-	95,000	530,000	437,500	92,500
Exhibits assistance	100,000	-	-	100,000	100,000	-
Conservation and security	10,000	-	23,000	33,000	33,000	-
First Nations cultural centres	220,000	-	-	220,000	220,000	-
Historic sites maintenance	75,000	19,000	-	94,000	64,453	29,547
Fort Selkirk	125,000	-	-	125,000	122,345	2,655
Heritage trails	25,000	-	(25,000)	-	-	-
Arts fund	500,000	131,000	-	631,000	461,842	169,158
Visual arts acquisition	10,000	-	-	10,000	10,000	-
Decade of sport and culture	200,000	79,000	-	279,000	262,800	16,200
Product development and resource assessment	70,000	-	(25,000)	45,000	25,281	19,719
Tourism cooperative marketing fund	500,000	58,000	(30,000)	528,000	417,668	110,332
	2,270,000	**287,000**	**38,000**	**2,595,000**	**2,154,889**	**440,111**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2006

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Women's Directorate						
Operations and maintenance						
Victoria Faulkner Women's Centre						
- operations	$ 20,000	$ -	$ -	$ 20,000	$ 20,000	$ -
- women's advocate	50,000	-	-	50,000	50,000	-
Yukon Status of Women Council	12,000	-	-	12,000	12,000	-
Family violence and violence against women prevention initiatives	100,000	18,000	-	118,000	117,500	500
	182,000	**18,000**	**-**	**200,000**	**199,500**	**500**
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance	**2,529,000**	**(300,000)**	**-**	**2,229,000**	**1,337,294**	**891,706**
Capital	**2,540,000**	**-**	**-**	**2,540,000**	**2,033,677**	**506,323**
Totals						
Operations and maintenance	76,417,000	4,605,000	406,000	81,428,000	80,281,061	1,146,939
Capital	53,010,000	(17,683,000)	(231,000)	35,096,000	25,736,379	9,359,621
	$ 129,427,000	**$ (13,078,000)**	**$ 175,000**	**$ 116,524,000**	**$ 106,017,440**	**$ 10,506,560**

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2006

Warrant Number		Purpose	Amount (thousands of dollars)
No. 1	Operations and maintenance	Yukon Legislative Assembly	$ 1,082
		Elections Office	19
		Office of the Ombudsman	35
		Executive Council Office	3,289
		Community Services	15,152
		Economic Development	666
		Education	26,996
		Energy, Mines and Resources	8,797
		Environment	2,338
		Finance	428
		Health and Social Services	67,508
		Highways and Public Works	29,910
		Justice	6,868
		Public Service Commission	2,324
		Tourism and Culture	4,407
		Women's Directorate	93
		Yukon Housing Corporation	1,108
		Loan amortization	30
		Loan capital	5,000
			176,050
	Capital	Yukon Legislative Assembly	$ 10
		Elections Office	5
		Office of the Ombudsman	8
		Executive Council Office	550
		Community Services	17,106
		Economic Development	1,315
		Education	10,123
		Energy, Mines and Resources	1,821
		Environment	192
		Finance	100
		Health and Social Services	3,700
		Highways and Public Works	44,141
		Justice	1,406
		Public Service Commission	50
		Tourism and Culture	3,012
		Yukon Housing Corporation	1,612
			85,151
			$ 261,201

The special warrant authorized spending for the purpose of financing government operations for the period April 1, 2005 to April 30, 2005. This warrant was subsequently approved by the *Interim Supply Appropriation Act* (Yukon) *2005-06*.

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2006

Warrant Number	Purpose			Amount (thousands of dollars)
No. 2	Operations and maintenance	Finance	$	1,080
			$	**1,080**

The special warrant authorized spending, in addition to the amount provided in the *First Appropriation Act* (Yukon) *2005-06* and the *Second Appropriation Act* (Yukon) *2005-06,* for the purpose of financing government operations for the period March 1, 2006 to March 31, 2006. This warrant was subsequently approved by the *Third Appropriation Act* (Yukon) *2005-06*.

GOVERNMENT OF YUKON

Schedule 11

Schedule of Public Debt
for the year ended March 31, 2006

Maturity Date	Issue Date	Rate %	Purpose	Balance March 31, 2005	Retirements	Balance March 31, 2006
Loans Payable - Government of Canada						
Mar 10 2007	Mar 10 1987	9.0400	Municipal	$ 572,000	$ -	$ 572,000
Apr 09 2007	Apr 09 1987	9.1200	Municipal	430,000	-	430,000
May 07 2007	May 07 1987	9.1300	Municipal	766,000	-	766,000
Jun 04 2007	Jun 04 1987	9.8800	Municipal	793,000	-	793,000
Jul 09 2007	Jul 09 1987	9.8300	Municipal	329,000	-	329,000
Aug 07 2007	Aug 07 1987	9.7200	Municipal	192,000	-	192,000
Sep 10 2007	Sep 10 1987	10.4200	Municipal	146,000	-	146,000
Oct 09 2007	Oct 09 1987	10.7900	Municipal	134,000	-	134,000
Nov 10 2007	Nov 10 1987	11.0700	Municipal	364,000	-	364,000
				$ 3,726,000	**$ -**	**$ 3,726,000**

GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Remission for the year ended March 31, 2006

Accounts Receivable Written Off

Community Services		
Ross River Dena Corporation	$	3,300
Education		
Anderson, Michael		2,907
Tizya, Bella		2,586
Delaplain, Frank		1,338
McKee, Veronika		562
Economic Development		
8541 Yukon Ltd.		20,600
Health and Social Services		
Vanbinnedyk, David		13,972
Neilson, Sandra		9,516
O'Hare, Brian and Monique		2,980
Sininger, Carrie		2,769
Hawley, Nancy		1,976
Hay, Risa Alida		1,818
Cameron, Lawrence		1,605
Griffin, John A		1,577
Demartini, Rosangela		1,511
Dumas, Elizabeth		1,392
Marsh, Flordeliz		1,390
Lalani, Rubina		1,338
Hebron, Melvin		1,297
MacDowell, Felix		1,272
Gillespie, Elihu		1,036
Harris, Robert		974
Coomes, Don L.		862
Tilev, Mintco		779
Mitchel, Michael		731
Highways and Public Works		
Northland Kaska Corporation		13,270
Air Canada		8,481
Western Express Airlines		1,048
Total accounts written off over $500		102,887
All departments - other miscellaneous accounts less than $500		4,297
Total accounts written off	**$**	**107,184**

GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Remission
for the year ended March 31, 2006

Remission

Community Services	
Property tax	
Carcross/Tagish First Nation	$ 34,436
Total remission	**$ 34,436**

GOVERNMENT OF YUKON

Schedule 13

Schedule of Guaranteed Debt
as at March 31, 2006

	2006	2005
Guarantees authorized pursuant to the *Yukon Development Corporation Act* (Yukon)		
Long-term debt	$ 22,372,000	$ 24,135,000
Guarantees authorized pursuant to the *Housing Corporation Act* (Yukon)		
Mortgages	17,762,384	18,633,914
Debentures	3,984,827	4,196,332
Wholly-owned subsidiary Yukon Government Fund Limited	7,750,000	15,000,000
Guarantees authorized pursuant to the *Economic Development Act* (Yukon)	257,632	225,267
Guarantees authorized pursuant to the *Business Development Assistance Act* (Yukon)	90,300	99,926
	$ 52,217,143	**$ 62,290,439**

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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

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YUKON COLLEGE

FINANCIAL STATEMENTS

June 30, 2005

(audited)

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YUKON COLLEGE
Management Responsibility

The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2005, and the results of its operations, changes in net assets and cash flows for the year then ended.

The College maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with the *College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls and other relevant financial matters. The Board of Governors has reviewed and approved the financial statements.

These financial statements for the year ended June 30, 2005 have been independently audited by the College's auditor, the Auditor General of Canada, and her report is included herein.

S. Webber
President

W. Coghill
Director, Administrative Services

October 28, 2005

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Board of Governors

I have audited the statement of financial position of the Yukon College as at June 30, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2005 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ron Thompson

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
October 28, 2005, except as to Note 14 which is as of November 15, 2005

YUKON COLLEGE
Statement of Financial Position
as at June 30, 2005

ASSETS	2005	2004
Current Assets		
Cash and cash equivalents (Note 4)	$ 14,976,373	$ 15,160,117
Accounts receivable	1,063,960	702,867
Inventories	173,912	177,610
Prepaid expenses	13,369	15,266
	16,227,614	16,055,860
Other Assets		
Investments (Note 5)	1,978,301	1,907,923
Accrued pension benefit (Note 6)	3,824,100	3,251,600
Equipment and leasehold improvements, net (Note 7)	1,696,134	1,642,720
	$ 23,726,149	$ 22,858,103

LIABILITIES AND NET ASSETS	2005	2004
Current Liabilities		
Accounts payable and accrued liabilities	$ 807,891	$ 579,804
Deferred contributions (Note 8)	12,595,863	12,254,916
	13,403,754	12,834,720
Long -term Liabilities		
Other employee future benefits (Note 6)	2,315,900	2,108,000
Net Assets		
Net assets - capital (Note 7)	1,696,134	1,642,720
Net assets - endowment (Note 9)	1,830,039	1,818,731
Net assets – unrestricted	4,480,322	4,453,932
	8,006,495	7,915,383
	$ 23,726,149	$ 22,858,103

Lease commitments (Note 13)

Approved by the Board of Governors

for Chair

Member

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Operations
for the year ended June 30, 2005

	2005	*2004*
Revenues		
Contributions, Yukon Government	$ 13,507,363	$ 12,650,855
Third party contracts	6,214,895	5,786,804
Student assistance/scholarships	1,123,294	969,137
Sales, rentals and services	913,404	898,972
Tuition and registration fees	754,285	714,624
Interest income	251,869	240,082
Rebates and miscellaneous income	729,897	444,236
	$ 23,495,007	$ 21,704,710
Expenses (Note 10)		
Direct instruction	$ 10,993,608	$ 10,601,842
Direct instructional support	4,570,464	4,219,742
General administration	3,326,763	3,217,769
Facility services and utilities	1,119,213	1,138,300
Student assistance/scholarships	1,123,294	969,137
Research	952,492	948,631
Cost of sales	730,924	712,242
Amortization of equipment and leasehold improvements	302,343	353,012
Employee leave and termination benefits	201,038	150,900
Miscellaneous	95,068	77,324
	$ 23,415,207	$ 22,388,899
Operating surplus (deficit)	$ 79,800	$ (684,189)

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Changes in Net Assets
for the year ended June 30, 2005

	Unrestricted	Capital	Endowment	*2005* Total	*2004* Total
Balance, beginning of year	$ 4,453,932	$ 1,642,720	$ 1,818,731	$ 7,915,383	$ 8,576,486
Investment in equipment and leasehold improvements		355,757		355,757	286,179
Amortization of equipment and leasehold improvements		(302,343)		(302,343)	(353,012)
Change in net assets - capital	(53,410)			(53,410)	66,833
Endowment contributions			11,308	11,308	23,086
Operating surplus (deficit)	79,800			79,800	(684,189)
Balance, end of year	$ 4,480,322	$ 1,696,134	$ 1,830,039	$ 8,006,495	$ 7,915,383

	2005	*2004*
Determination of funds available for operations:		
Unrestricted fund balance, end of year	$ 4,480,322	$ 4,453,932
Add: Other employee future benefits	2,315,900	2,108,000
	$ 6,796,222	$ 6,561,932

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Cash Flows
for the year ended June 30, 2005

	2005	*2004*
Cash flows provided by (used in) operating activities:		
Operating surplus (deficit)	$ 79,800	$ (684,189)
Amortization of equipment and leasehold improvements	302,343	353,012
Decrease in non-cash working capital	213,540	1,321,650
(Increase) decrease in accrued pension benefit asset	(572,500)	968,800
Increase in other employee future benefit liabilities	207,900	150,900
Net cash provided by operating activities	231,083	2,110,173
Cash flows from financing activities:		
Endowment contributions	11,308	23,086
Total cash from financing activities	11,308	23,086
Cash flows used in investing activities:		
Equipment and leasehold improvements acquired	(355,757)	(286,179)
Increase in investments	(70,378)	(10,734)
Net cash used in investing activities	(426,135)	(296,913)
Change in cash:		
Net increase (decrease) in cash and cash equivalents	(183,744)	1,836,346
Cash and cash equivalents		
Beginning of year	15,160,117	13,323,771
End of year	$ 14,976,373	$ 15,160,117

The accompanying notes are an integral part of the financial statements.

1. Purpose of the organization

Yukon College is a post-secondary educational institution and is incorporated under the *College Act*. The College is a not-for-profit organization and is a registered charity under the *Income Tax Act*. A significant portion of its funding is provided by the Government of the Yukon. The College is not an institution of the Government of the Yukon and, except to the extent an agency relationship is created by contracts with the Government, the College is not an agent of the Government.

The purpose of Yukon College is to provide excellent, relevant and accessible learning opportunities.

2. Significant accounting policies

a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and the accounting policies adopted are consistent with the recommendations of the Canadian Association of University Business Officers.

b) Cash and cash equivalents

Cash and cash equivalents include banker acceptance notes with an original maturity of less than 90 days with Canadian financial institutions.

c) Equipment and leasehold improvements

Purchased equipment and leasehold improvements are recorded at cost. Amortization is provided on the straight-line basis over the assets' estimated useful lives, which range from three to twenty years. No amortization is taken in the year of acquisition. A full year's amortization is taken in the year of disposal.

Works of Art are capitalized at cost and no amortization is recorded.

d) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan fund provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of Yukon College. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the Federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. The College is responsible for any unfunded pension liability and contributes the balance of the costs of the plan as determined by the actuary. Contributions by the College are recorded in the financial statements using an accrued benefit method. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

2. Significant accounting policies (continued)

d) Employee future benefits (continued)

Pension benefits (continued)
The College accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years.

Other non-pension benefits
The cost of benefit plans, other than pension, including severance benefits, sick leave and managers' accrued leave is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned. The College accrues vacation and severance benefits for employees as earned.

The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by these plans is 10 years.

e) Deferred contributions

Yukon College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenues received for a future period are deferred until the services are provided.

f) Revenue recognition

Revenues received without restrictions include tuition and related fees, and sales of services and products. These are recognized as revenue at the time the product or services are delivered.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized in an amount equal to the amount reported as expenditures under the terms of the restrictions.

2. Significant accounting policies (continued)

f) Revenue recognition (continued)

Endowment contributions, including interest earned, are recognized as direct increases in endowment net assets.

g) Net assets

The unrestricted net assets are composed of unspent funds on an overall College basis including unspent balances on specific projects. The entire balance of unrestricted net assets has been internally appropriated by the Board of Governors for anticipated fiscal requirements not funded from other sources (see note 12).

Capital net assets are funds that are committed to equipment and leasehold improvements.

Endowment net assets are funds set aside for specific purposes. The principal must remain unexpended, but associated investment income may be expended in accordance with the various purposes established by the donors or the Board of Governors.

h) Internal appropriations

Internal appropriations are established under the authority of the Board of Governors, by appropriation from unrestricted net assets to provide for anticipated fiscal requirements not funded from other sources.

3. Financial instruments

Accounts receivable, accounts payable and accrued liabilities are the result of the transactions incurred in the normal course of business, have no significant credit risks, and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

4. Cash and cash equivalents

	2005	2004
Cash	$ 275,623	$ 660,068
Bankers acceptances	14,700,750	14,500,049
Total cash and cash equivalents	$ 14,976,373	$ 15,160,117

The carrying value of cash and cash equivalents approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its cash and equivalents. In addition, the College is also exposed to credit and concentration risk for its cash and equivalents. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2005 is 2.1% (2004 – 2.6%).

4. Cash and cash equivalents (continued)

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to $500,000 at bank prime. The credit line was unused at year-end. The College's credit facility interest rates are subject to fluctuations in the prime rate.

5. Investments

	2005	2004
Short-term deposits	$ 311,509	$ 259,281
Bankers acceptances	1,666,792	1,648,642
	$ 1,978,301	$ 1,907,923

The carrying value of short-term deposits and bankers acceptances approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. In addition, the College is also exposed to credit and concentration risk for its short-term investments. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2005 is 2.1% (2004 – 2.6%)

A portion of the investments is internally restricted cash of which $ 1,830,039 (2004 - $ 1,818,731) is related to endowments.

6. Employee future benefits

a) Employee future benefits - pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair value as reported by the custodian of the funds as at June 30, 2005, adjusted for known contributions/payments in transit at that date.

The Actuary calculated his values using appropriate principles for the profession as follows:

	2005	2004
Fair value of plan assets	$ 38,021,700	$ 32,784,700
Accrued benefit obligation	36,610,200	30,646,600
Funded status – plan surplus	1,411,500	2,138,100
Unamortized net actuarial loss	1,929,600	550,000
Unamortized past service costs	483,000	563,500
Accrued pension benefit asset	$ 3,824,100	$ 3,251,600

The actuarial valuation for funding purposes performed by the actuary as of June 30, 2004 established the College's required contributions as 271% of employee contributions. Under the economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service cost of the plan benefits.

6. Employee future benefits (continued)

a) Employee future benefits - pension benefits (continued)

The College contribution rate will be revised following the completion of the next actuarial valuation for funding purposes as at June 30, 2005, due to be filed with the federal pension regulator by December 31, 2005. Total benefit payments made in 2005 were $620,800 (2004 - $895,900).

The annual pension cost and change in accrued benefit asset are as follows:

	2005	2004
Accrued benefit asset, beginning of year	$ 3,251,600	$ 4,220,400
Less: Annual pension cost	(1,164,800)	(1,487,500)
Add: Contributions by College	1,737,300	518,700
Accrued benefit asset, end of year	$ 3,824,100	$ 3,251,600

The elements of defined pension plan benefit costs recognized in the year are as follows:

	2005	2004
Current service cost, net of employee contributions	$ 1,478,200	$ 1,365,400
Interest cost	1,960,200	1,795,100
Actual return on plan assets	(3,545,800)	(5,301,000)
Actuarial losses (gains)	2,571,300	(372,300)
Elements of employee future benefit costs before adjustments to reflect long-term nature of employee future benefit costs	2,463,900	(2,512,800)
Adjustments to recognize long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for year	1,191,700	3,382,700
Difference between actuarial loss (gain) recognized for year and actual actuarial loss (gain) on accrued benefit obligation for year	(2,571,300)	537,100
Difference between amortization of past service costs for year and actual plan amendments for year	80,500	80,500
Defined benefit costs recognized	$ 1,164,800	$ 1,487,500

6. Employee future benefits (continued)

a) Employee future benefits - pension benefits (continued)

The plan assets are comprised of the following:

	2005	2004
Equities		
Canadian	27.60%	38.26%
Foreign	20.94%	20.60%
Total equities	48.54%	58.86%
Fixed income - Canadian		
Government	36.39%	28.29%
Corporate	8.96%	8.26%
Total fixed income	45.35%	36.55%
Short term investments		
Canadian	5.55%	4.50%
Total securities	99.44%	99.91%
Cash	0.11%	0.09%
Accrued income	.45%	-
Total plan assets	100.00%	100.00%

Refer to Note 14 for information on the actuarial valuation for funding purposes.

b) Employee future benefits – other non-pension benefit plans

These benefits are not funded. The actuarial valuation of the accrued benefit liability as at June 30, 2005 is as follows:

	2005	2004
Accrued benefit obligation, end of year	$ (2,524,500)	$ (2,205,000)
Unamortized actuarial loss	208,600	97,000
Accrued benefit liability, end of year	$ (2,315,900)	$ (2,108,000)

The annual benefit plan cost and change in accrued benefit liability are as follows:

	2005	2004
Accrued benefit liability, beginning of year	$ (2,108,000)	$ (1,957,100)
Add: Annual benefit plan cost	(405,600)	(341,800)
Less: Benefits paid by College	197,700	190,900
Accrued benefit liability, end of year	$ (2,315,900)	$ (2,108,000)

6. Employee future benefits (continued)

b) Employee future benefits – other non-pension benefit plans (continued)

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligations are as follows (weighted-average assumptions as of June 30th):	2005	2004
Accrued benefit obligation as of June 30th:		
Discount rate	5.25%	6.25%
Rate of compensation increase	4.00%	4.00%
Benefit costs for years ended June 30th:		
Discount rate	6.25%	6.25%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%

7. Equipment and leasehold improvements

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment – general	$ 1,346,585	$ 794,120	$ 552,465	$ 670,747
Leasehold improvements	1,185,798	344,977	840,821	786,604
Equipment – EDP	275,896	69,827	206,069	75,555
Furniture & fixtures	60,210	32,779	27,431	34,800
Art	52,349	-	52,349	52,349
Vehicles	28,331	11,332	16,999	22,665
Net assets - capital	$ 2,949,169	$ 1,253,035	$ 1,696,134	$ 1,642,720

8. Deferred contributions

These represent unspent resources which have been received and relate to expenditures that will occur in subsequent periods, and are therefore not amortized. The unrestricted portion relates to the timing of receipt of the government contributions. These are received on an annual basis on or about April 1 of each year and therefore a significant portion must be deferred. The restricted portion includes funds received for donations, scholarships, bursaries and other purposes.

2005			2004	
	Unrestricted	Restricted	Total	Total
Balance, beginning of year	$ 11,275,895	$ 979,021	$ 12,254,916	$ 11,114,470
Less: amount recognized as revenue for the period	(11,275,895)	(979,021)	(12,254,916)	(11,114,470)
Add: amounts related to future periods	11,707,533	888,330	12,595,863	12,254,916
Balance, end of year	$ 11,707,533	$ 888,330	$ 12,595,863	$ 12,254,916

9. Endowment

	2005	2004
Balance, beginning of year	$ 1,818,731	$ 1,795,645
Endowment contributions, including interest	11,308	23,086
Balance, end of year	$ 1,830,039	$ 1,818,731

10. Expenditure by object

	2005	2004
Salaries, wages and benefits	$ 16,407,442	$ 15,850,871
Contract services	1,604,178	1,489,990
Other	1,169,468	1,050,063
Student assistance/scholarships	1,123,294	969,137
Materials and Supplies	1,080,848	1,102,603
Cost of sales and ancillary services	730,924	712,242
Utilities and communications	402,826	246,302
Travel	392,846	463,779
Amortization of equipment and leasehold improvements	302,343	353,012
Employee leave and termination benefits	201,038	150,900
	$ 23,415,207	$ 22,388,899

11. Related party transactions

The College receives mail processing and postage, and certain insurance coverage without charge, as well as rent of facilities, from the Government of Yukon. The estimated value of these services is listed below:

	2005	2004
Mail services	$ 30,000	$ 30,000
Insurance coverage	25,000	25,000
Rent of facilities	1,130,000	1,130,000
	$ 1,185,000	$ 1,185,000

12. Internal appropriations

The total of the unrestricted funds available for operations in future years has been internally appropriated and the balances allocated for the following:

	2005	2004
Equipment replacement	$ 757,124	$ 652,676
Human resource contingency	800,000	753,488
Lease obligations	313,220	313,220
Program development	430,057	430,057
First Nations programs	400,000	385,283
NRI contingency	146,721	146,721
Actuarial reserve	-	503,887
Accrued pension benefit asset	3,824,100	3,251,600
Residence reserve	25,000	25,000
Self insurance reserve	100,000	100,000
	$ 6,796,222	$ 6,561,932

13. Lease commitments

The following is a schedule of future minimum payments under operating leases and system maintenance contracts entered into for more than one year:

2005-2006	$ 338,072
2006-2007	$ 210,299
2007-2008	$ 131,041
2008-2009	$ 133,140
Thereafter	$ 498,289

14. Subsequent events

Subsequent to year-end, the College has received the preliminary results of the actuarial valuation for funding purposes on the Yukon College Employees' Pension Plan as of June 30, 2005.

The significant points are:

- the surplus on an ongoing basis has increased since the last valuation (June 30, 2004) from $3,220,100 to $4,446,000.
- the deficit on a solvency basis has increased since the last valuation from $752,800 to $2,638,000.
- assuming the member contributions remain at the rates in effect July 1, 2005, the minimum required contribution for the College is 253% of members' contributions plus annual special payments of $623,600.

At the October 22, 2005 meeting of the Yukon College Board of Governors, a motion was passed to defer any additional payments to the Pension Plan including the payment due October 31, 2005 (of approximately $330,000), pending the outcomes of several options that are being investigated to address the solvency matter. As at November 15, 2005 the College had contributed, and will continue in the interim to contribute, at the rate of 150% of member contributions.

YUKON HOSPITAL CORPORATION

FINANCIAL STATEMENTS

March 31, 2006

(audited)

CHARTERED ACCOUNTANTS

MacKay LLP

mackay.ca

Auditors' Report

To the Directors of
Yukon Hospital Corporation

We have audited the consolidated statement of financial position of the Yukon Hospital Corporation as at March 31, 2006 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

MacKay LLP

Whitehorse, Yukon

May 19, 2006

Chartered Accountants

Yukon Hospital Corporation

Consolidated Statement of Financial Position

As at March 31	2006	2005
Assets		
Current		
Cash	$ 1,517,485	$ 1,148,971
Accounts receivable	1,185,124	1,557,905
Inventory	929,595	712,525
Prepaid expenses	232,494	258,876
	3,864,698	3,678,277
Restricted funds (note 8)	**483,734**	451,992
Trust funds - First Nations Health Program (note 9) (schedule 2)	**2,588,398**	2,506,921
Capital assets - net (note 3)	**6,025,930**	5,546,934
Intangible assets – net (note 3)	**384,375**	996,875
	$13,347,135	$12,680,999
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 1,456,535	$ 1,479,743
Accrued payroll and benefits	1,586,863	1,294,045
Deferred revenue	35,000	3,125
	3,078,398	2,776,913
Accrued payroll benefits (note 4)	**1,431,366**	1,353,611
Deferred capital contributions (note 6)	**3,797,088**	3,664,927
Trust funds - First Nations Health Program (note 9) (schedule 2)	**2,588,398**	2,052,350
Long-term debt (note 5)	**395,898**	395,898
	11,291,148	10,243,699
Net Assets		
Invested in capital assets (note 10)	**3,455,453**	3563,157
Contributed surplus (note 7)	**383,794**	383,794
Restricted for capital purchases, external (note 8)	**510,059**	451,992
Restricted for capital purchases, internal	**257,287**	—
Unrestricted	**(2,550,606)**	(1,961,643)
	2,055,987	2,437,300
	$13,347,135	$12,680,999

On behalf of the Board

_____________, Director _____________, Director

Yukon Hospital Corporation

Consolidated Statement of Operations

For the year ended March 31,	2006	2005
Revenue		
Government of Yukon – basic	$24,812,225	$23,194,526
Government of Yukon - other	403,125	477,075
Patients	1,938,322	2,000,520
Amortization of deferred capital contributions	845,603	694,633
Amortization of deferred capital contribution- Thomson Centre	157,765	—
Cafeteria	180,855	150,943
Interest	398,922	284,784
Other	269,100	275,412
Fundraising revenue	506,015	—
	29,511,932	27,077,893
Expenditures		
Compensation and benefits	18,262,232	17,080,331
Supplies	5,005,009	4,542,487
Equipment and building services	1,424,170	1,386,420
Improvements-Thomson Centre	157,765	—
Referred out/Contracted services	1,941,224	1,379,657
Sundry	1,498,661	1,602,086
Amortization of capital assets	1,366,866	1,182,403
Amortization of intangible assets	112,500	112,500
Fundraising expenses	182,885	—
	29,951,312	27,285,884
Excess (deficiency) of revenue over expenditures	**$ (439,380)**	$ (207,991)

Yukon Hospital Corporation

Consolidated Statement of Changes in Net Assets

For the year ended March 31,

	Invested in Capital Assets (note 10)	Contributed Surplus	Restricted For Capital Purchases External (note 8)	Restricted For Capital Purchases Internal (note 8)	Unrestricted	Total	Total
Balance, beginning of year	$ 3,563,157	$ 383,794	$ 451,992	$ —	($1,961,643)	**$2,437,300**	$2,666,077
Excess (deficiency) Of revenue over expenditures	(475,998)	—	—	257,287	(220,669)	**(439,380)**	(207,991)
Net changes in invested in capital and intangible assets (note 10)	368,294	—	—	—	(368,294)	—	—
Contributions	—	—	130,804	—	—	**130,804**	296,605
Purchase of Capital Assets	—	—	(72,737)	—	—	**(72,737)**	(317,391)
Balance, end of year	**$3,455,453**	**$ 383,794**	**$ 510,059**	**$257,287**	**(2,550,606)**	**$ 2,055,987**	**$ 2,437,300**

Yukon Hospital Corporation

Consolidated Statement of Cash Flows

For the year ended March 31,	2006	2005
Cash provided by (used in)		
Operating activities		
From operations		
Excess (deficiency) of revenue over expenditures	$ (439,380)	$ (207,991)
Add (deduct) items not involving cash:		
Amortization of capital assets	1,366,866	1,182,403
Amortization of intangible assets	112,500	112,500
Amortization of deferred capital contributions	(845,603)	(694,633)
	194,383	392,279
Changes to non-cash operating accounts	884,400	(929,520)
	1,078,783	(537,241)
Financing activities		
Increase in deferred capital contributions	1,135,592	2,333,666
	1,135,592	2,333,666
Investing activities		
Purchase of capital assets net of proceeds on disposal	(1,845,861)	(1,794,920)
	(1,845,861)	(1,794,920)
Increase in cash	368,514	1,505
Cash, beginning of year	1,148,971	1,147,466
Cash, end of year	**$1,517,485**	$1,148,971

1. Purpose

These consolidated financial statements consists of:

a) The Yukon Hospital Corporation is a charitable organization established under the powers of the Hospital Act of the Yukon Territory. The objects of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

b) The Yukon Hospital Foundation is a society incorporated under the Societies Act of Yukon. The purpose of the society is to promote health of people in the Yukon, to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Yukon Hospital Corporation.

2. Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of Yukon Hospital Corporation and Yukon Hospital Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.

(b) Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out basis, and net realizable value.

(c) Capital and Intangible assets

Capital and intangible assets are recorded at cost. Amortization is calculated by the straight-line method at the annual rates set out in note 3.

(d) Revenue recognition

The corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. The foundation follows the restricted fund method of accounting for contributions. Externally restricted contributions are credited to the fund and then recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted investment income is recognized in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(e) Donated services

The corporation and foundation benefit from substantial services in the form of volunteer time. These invaluable services are not in these financial statements.

(f) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the corporation are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

(g) **Pension**
Employees of the Corporation participate in the Yukon Hospital Corporation Employees Defined Benefit Pension Plan, administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation. Contributions to the plan made during the year by the Corporation on behalf of its employees are included in the statement of operations. The Actuarial market-related value of plan assets at December 31, 2005 was $27,442,000. The Actuarial liabilities, including the contingency reserve, at December 31, 2005 were $29,903,200. The last formal Actuarial valuation date was on December 31, 2004. Further details with respect to the pension are contained in note 13.

(h) **Use of estimates**
The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for accrued termination, requirement and sick leave benefits. Financial results as determined by actual events could differ from these estimates.

3. Capital and Intangible Assets

Capital assets

	Rate	Cost	Accumulated Amortization	**2006** Net Book Value	2005 Net Book Value
Land					
- transferred	0%	$ 2	$ —	$ 2	$ 2
Equipment and fixtures					
- transferred	0%	689,262	—	689,262	689,262
Building improvements	5%	1,618,675	538,825	1,079,850	1,160,974
Equipment and fixtures	10%	162,691	143,740	18,951	35,524
Medical equipment	15%	7,283,657	4,029,308	3,254,349	2,763,476
Information systems	20%	3,708,807	2,725,291	983,516	897,696
New hospital costs	20%	779,142	779,142	—	—
Small equipment	100%	12,220	12,220	—	—
		$ 14,254,456	$ 8,228,526	**$ 6,025,930**	$ 5,546,934

The land on which the hospital building sits is owned by the corporation. The hospital building itself is owned by the Government of Yukon. The corporation is responsible for the maintenance and upkeep of the building and grounds. The Yukon Government paid a grant in lieu of taxes directly to the City of Whitehorse in the amount of $609,603.

Intangible assets

	Rate	Cost	Accumulated Amortization	**2006** Net Book Value	2005 Net Book Value
Picture Archiving Communication System (PACS)	15%	$ 750,000	$365,625	$384,375	$ 496,875
		$ 750,000	$365,625	**$384,375**	$ 496,875

4. Accrued Payroll Benefits

The portion of accrued payroll benefits relating to termination, retirement and sick leave have been classified as a long-term liability in the accompanying financial statements as the probability of pay out within the next fiscal year is considered low.

5. Long-term debt

	2006	2005
Yukon Development Corporation		
$595,898 flexible term note bearing interest at 7.5% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of $566,103.	$ 395,898	$ 395,898
Less current portion	—	—
	$ 395,898	$ 395,898

Scheduled repayments for all long-term debt are as follows:

2007	$ —
2008	38,730
2009	38,730
2010	38,730
2011	38,730
2012 and thereafter	240,978
	$ 395,898

6. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions received to purchase capital assets. The changes in the deferred contribution balance for the year are as follows:

	2006	2005
Balance, beginning of year	$ 3,664,927	$ 2,026,894
Restricted government contribution	1,060,000	2,015,275
Restricted capital contribution (non-government)	75,529	317,391
Amount amortized to revenue	(845,603)	(694,633)
Amount credited to expense	(157,765)	---
Balance, end of year	**$ 3,797,088**	$ 3,664,927

7. Contributed Surplus

Certain assets were transferred from the Government of Canada and the Government of Yukon to the control of the Yukon Hospital Corporation on April 1, 1993 and January 19, 1994.

8. Restricted for Capital Purchases, External

The Corporation has control over funds which have been donated for specific capital purchases. These funds are set up on the balance sheet as an asset with an offsetting net asset restricted for capital purchases.

	2006	2005
Balance, beginning of year	$ 451,992	$ 472,778
Contributions during year	130,804	296,605
Expenditures during year	(72,737)	(317,391)
Balance, end of year	**$ 510,059**	$ 451,992

$483,734 is held in separate bank accounts.

9. First Nations Health Program

The Corporation receives funds from the Government of Yukon for the purpose of operating the First Nations Health program at the Whitehorse General Hospital. This program is accounted for separately as set out in schedules 1 and 2, attached.

10. Invested in Capital and Intangible Assets

(a) Net assets invested in capital and intangible assets is calculated as follows:

	2006	2005
Capital assets	$ 6,025,930	$ 5,546,934
Intangible assets	384,375	496,875
Amounts financed by deferred contributions	(2,954,852)	(2,480,652)
	$ 3,455,453	$ 3,563,157

Change in net assets invested in capital and intangible assets is calculated as follows:

(b) Excess (deficiency) of revenue over expenditures

Amortization of deferred contributions		
relating to capital assets	$ 845,603	$ 694,633
relating to Thomson Centre	157,765	—
Amortization of capital assets	(1,366,866)	(1,182,403)
Amortization of intangible assets	(112,500)	(112,500)
	$ (475,998)	$ (600,270)

(c) Net change in invested capital and intangible assets:

Purchase of capital assets	$ 1,845,862	$1,794,918
Amounts funded by deferred contributions	(1,477,568)	(1,148,391)
	$ (368,294)	$ 646,527

11. Economic Dependence

The Corporation receives a majority of its funding from the Yukon Territorial Government.

12. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

The previous year comparative figures are presented on a non-consolidated basis and reflect the operations of Yukon Hospital Corporation only.

13. Pension Costs and Obligations

Yukon Hospital Corporation sponsors a contributory defined benefit pension plan, which provides pensions based on length of service and final average earnings. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensioners. In 2006, employees will contribute to the plan as follows:

- 4.00% of earnings up to the Year's Maximum Pensionable Earnings.
- 7.50% of earnings in excess of the Year's Maximum Pensionable Earnings.

The Corporation contributes amounts as prescribed by an independent actuary.

A separate pension fund is maintained to hold plan assets. Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced-pooled funds of the investment manager. The market value of plan assets was $28,139,772 as at December 31, 2005.

An actuarial valuation for accounting purposes was performed as of December 31, 2004 by Mercer Human Resource Consulting, using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Federal Public Service Superannuation Plan under the Special Reciprocal Transfer Agreement dated June of 1995. The results of the December 31, 2004 valuation have been projected to December 31, 2005 for accounting purposes.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

Expected rate of inflation:	2.5% per year
Discount rate/expected return on plan assets:	7.0% per year
Assumed rate of salary escalation	4.0% per year

Adjustments resulting from plan enhancements are recognized immediately. Experience gains and losses and changes in assumptions are amortized on a straight-line basis over the expected average remaining service life of employees (currently 9.7 years). Pension costs include the current benefit cost, the cost of past service benefits and plan enhancements, and amortization of experience gains and losses.

13. Pension Costs and Obligations (continued)

	2006
Change in benefit obligation	
Benefit obligation – end of prior year	$23,494,200
Employer current service cost	1,421,900
Interest cost	1,694,500
Employee contributions	602,400
Benefits paid	(597,400)
Actuarial loss (gain)	3,287,600
Benefit obligation – end of year	**$29,903,200**
Change in market-related value of plan assets	
Market-related value of plan assets – end of prior year	$25,510,300
Actual return on plan assets	1,275,000
Employer contributions	833,100
Employee contributions	602,400
Benefits paid	(597,400)
Actual plan expenses	(181,400)
Market-related value of plan assets – end of year	**$27,442,000**
Reconciliation of Funded Status	
Market-related value of plan assets	$27,442,000
Benefit obligation- end of year	29,903,200
Funded status – surplus (deficit)	(2,461,200)
Employer contributions made after measurement date	216,700
Unamortized net actuarial loss (gain)	4,358,800
Accrued benefit asset (liability)	**$2,114,300**
Components of Pension Expense (Income)	
Current service cost, including provision for plan expenses	$1,527,400
Interest cost	1,694,500
Expected return on plan assets	(1,811,400)
Amortization of transitional obligation	-
Amortization of net actuarial loss (gain)	47,500
Net pension expense (income)	**($1,458,000)**
Reconciliation of Accrued Benefit Asset (Liability)	
Accrued benefit asset (liability) – end of prior year	2,522,500
Employer contributions	888,100
Adjustment for employer contributions made after measurement date from prior year	161,700
Net pension (expense) income	(1,458,000)
Accrued benefit asset (liability) – end of year	**$2,114,300**

13. Pension Costs and Obligations (continued)

Within the Pension fund, assets are valued at market-related value, with investment returns above and below the expected return on plan assets amortized over five years. No adjustment is made for benefits payable and contributions receivable.

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations. Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation in the financial statements as of March 31.

The funded status of the pension plan (a deficit of $2,461,200 as at December 31, 2005) presented in these financial statements has been determined on the basis that the pension plan remains a going-concern. As at December 31, 2005 the pension plan had a deficit of $9.3 million if valued on the basis that the pension plan were terminated/wound up as at December 31, 2005.

In the event that a pension plan has a deficit on a plan termination/wind-up basis, the Federal Pension Benefits Standards Act and Regulations requires that the pension plan sponsor contribute an amount necessary to fund both the current service cost of the pension plan, and the amortization of any deficit over a period not exceeding five years.

In the case of the Yukon Hospital Corporation pension plan, the deficit of approximately $9.3 million as at December 31, 2005, measured on a plan termination/wind-up basis, means that the accrued benefit asset of $2,114,300 as at March 31, 2006, measured on a going-concern basis, may be considered to be "impaired".

Yukon Hospital Corporation

Schedule 1 - First Nations Health Program
- Statement of Operations and Unrestricted Net Assets

For the year ended March 31,	2006	2005
Revenue		
Government of Yukon - Transfer agreement	$ 663,000	$ 663,000
Interest	66,837	65,243
Government of Yukon Contributions Health Partnership and Secondments	117,276	110,981
	847,143	839,224
Expenditures		
Payroll	577,711	546,906
Material and supplies	7,968	7,397
Travel	13,516	14,498
Honoraria	13,350	8,062
Sundry	38,962	53,209
Scholarships	10,693	14,500
Donations- Yukon Hospital Foundation	30,000	30,000
Contribution- Council of Yukon First Nations- Health Commission	30,000	30,000
	722,200	704,572
	124,913	134,652
Less contribution- Council of Yukon First Nations Health Partnerships and secondments	**43,436**	39,463
Excess of revenue over expenditures	**81,477**	95,189
Unrestricted, beginning of year	**2,506,921**	2,411,732
Unrestricted, end of year	**$ 2,588,398**	$ 2,506,921

Yukon Hospital Corporation

Schedule 2 - First Nations Health Program - Statement of Financial Position

As at March 31,	2006	2005
Assets		
Current		
Cash and short-term investments	$ 2,625,712	$ 2,942,928
Property and equipment	52,088	53,717
	$2,677,800	$ 2,996,645
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 54,980	455,302
Deferred revenue- Health Partnerships and Secondments	34,422	34,422
	89,402	489,724
Unrestricted Net Assets	2,588,398	2,506,921
	$ 2,677,800	$ 2,996,645

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YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2006

(audited)

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Yukon Housing Corporation
Management's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are management's responsibility.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Financial Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Financial Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for Yukon Housing Corporation.

Marc Tremblay
President

Temes Cherinet.
Director, Finance and Administration

Date: September 14, 2006

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2006 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Housing Corporation Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Housing Corporation Act and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Vancouver, Canada
September 14, 2006

Yukon Housing Corporation
Balance Sheet
as at March 31

	2006	2005
Assets	In Thousands	
Current		
Cash (Note 3)	$ 5,103	$ 3,994
Due from Canada Mortgage and Housing Corporation	871	377
Accounts receivable - other	569	565
Mortgages receivable - current portion (Note 4)	6,020	5,094
Housing held for sale (Note 5)	136	1,038
	12,699	11,068
Seniors' Housing Management Fund (Note 6)	2,050	1,684
Mortgages, agreements and loans receivable (Note 4)	32,737	35,244
Capital assets (Note 7)	24,426	26,166
	$ 71,912	$ 74,162
Liabilities		
Current		
Accounts payable	$ 1,541	$ 1,456
Due to Government of Yukon	323	585
Current portion of long-term debt (Note 8)	7,414	5,728
	9,278	7,769
Seniors' Housing Management Fund (Note 6)	2,050	1,684
Employee future benefits (Note 9)	441	431
Deferred Revenue from Canada Mortgage and Housing Corporation	2,358	1,328
Deferred capital funding from Government of Yukon (Note 10)	6,831	6,763
Long-term debt (Note 8)	38,838	40,139
	59,796	58,114
Equity		
Equity of Government of Yukon	12,116	16,048
	$ 71,912	$ 74,162

Commitments and contingencies (Note 14)

Approved by the Board of Directors

R.A. Steers

Director

Director

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Operations and Equity
Year ended March 31

	2006	2005
	In Thousands	
Revenues		
Recoveries - cost-shared agreements	$ 4,630	$ 4,232
Rental income	3,374	3,333
Interest income	2,043	2,208
Recoveries-CMHC Affordable Housing	2,625	-
	12,672	9,773
Expenses		
Program costs (Schedule)	4,932	4,415
Personnel	2,426	2,255
Interest on long-term debt	1,781	1,908
Amortization	2,375	3,927
Administration (Schedule)	552	636
Affordable Housing Contribution Costs	2,625	-
Corporate Shared Services Costs	1,476	1,402
Loss on disposal of tangible assets	14	-
	16,181	14,543
Net results of operations before government funding	-3,509	-4,770
Government of Yukon funding		
Operating grant	2,874	3,947
Amortization of deferred capital funding	635	823
	3,509	4,770
Net results of operations after government funding	$ -	$ -
Equity, beginning of year	$ 16,048	$ 18,008
Funding repaid to Government of Yukon (Note 11)	(3,932)	(1,960)
Equity , end of year	$ 12,116	$ 16,048

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Cash Flows
Year ended March 31

	2006	2005
	In Thousands	
Operating activities		
Net results of operations after government funding	$ -	$ -
Adjustment for non-cash items		
Increase (decrease) in employee future benefits	10	(31)
Increase in deferred revenue	1,030	852
Amortization of capital assets & write downs	2,375	3,927
Amortization of deferred capital funding	(616)	(823)
Non Cash contributions, disposals and write offs	52	-
	2,851	3,925
Changes in non-cash components of working capital	(703)	(960)
Cash flows from operating activities	2,148	2,965
Investing activities		
Additions to housing projects	(738)	(579)
Additions to computer systems, furnishings, equipment and office building	(50)	(99)
Additions to mortgages and agreements receivable	(6,919)	(6,513)
Repayments of mortgages and agreements receivable	9,426	10,202
Cash flows from investing activities	1,719	3,011
Financing activities		
Repayment of long-term debt - rental housing units and office building	(1,096)	(1,145)
Land sales payable to Yukon Government	1,482	1,190
Repayment and reduction of long term debt-other		(806)
Funding for the acquisition of capital assets	788	679
Funding repaid to Government of Yukon (Note 11)	(3,932)	(1,960)
Cash flows used in financing activities	(2,758)	(2,042)
Increase in cash	1,109	3,934
Cash at beginning of year	3,994	60
Cash at end of year	$ 5,103	$ 3,994

Supplemental Disclosure of Cash Flows Information

	2006	2005
Interest paid	$ 1,781	$ 1,908
Interest received	2,043	2,208

The accompanying notes and schedules are an integral part of these financial statements.

1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon Territory to undertake and assist in the provision, development, maintenance and management of housing.

The mission of the Corporation is to improve the quality of housing in the Yukon and help Yukoners resolve their housing needs.

In carrying out its mission, the Corporation provides low rental housing which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

Pursuant to Order-in-Council 1982 / 343, the Whitehorse Housing Authority (the Authority) was created and designated as an agent of the Corporation. The Authority operates, manages and administers social housing units in the City of Whitehorse on behalf of the Corporation.

Pursuant to Section 42 (2) of the *Housing Corporation Act*, the Corporation has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin and Watson Lake. Local Housing Advisory Boards are established for the purpose of involving local community members in the decision making process regarding housing in their community. They provide advisory, regulatory and adjudicative services to the Corporation.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to the net loss from operations. The net loss from operations is equal to the Net results of operations before government funding less the Amortization of deferred capital funding, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at cost. Under the Social Housing Agreement (SHA) signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage; CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.

(c) Housing held for sale

The development of Mountain View Place, consisting of titled mobile housing lots, is valued at the lower of cost and net realizable value.

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership program. These houses are recorded at the lower of cost and net realizable value.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets.

Social housing projects	35 years
Social housing betterment not financed by long-term debt	15 years
Staff housing projects and other facilities:	
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 years
Computer systems	3 years

(e) Deferred revenue

Deferred revenue are recognized as follows:

Funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees will be recognized on a straight line basis over the remaining life of the agreement. Any CMHC funding not expended will be recognized as related future expenses are incurred.

Funding provided by CMHC for the affordable housing program in the current year will be recognized when the Corporation becomes responsible for certain senior housing units in 2007/2008.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation qualify for and earn employment benefits for vacation, sick and compensatory leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation was calculated using the projected benefit method prorated on service.

(f) Employee future benefits (continued)

Pensions

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(g) Asset retirement obligations

Pursuant to section 3110 of the Canadian Institute of Chartered Accountants, the fair value of liabilities for asset retirement obligations is recognized in the period they are incurred. The fair value is added to the carrying amount of the associated asset and depreciated over the asset's useful life. The Corporation is in the process of making an inventory of all potential asset retirement obligations. If a legal obligation is found to exist, and a reasonable estimate can be made it will be booked in the future periods.

(h) Recoveries - cost-shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost-sharing agreements whereby operating deficits of certain housing projects are cost shared with CMHC. The Corporation has also entered into cost-sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

(i) Mortgage interest recognition

Interest income on mortgages is recorded on an accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter interest income is recognized on a cash basis.

(j) Rental and funding income recognition

Income from rentals and funding from Canada Mortgage and Housing Corporation are recorded on an accrual basis.

(k) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could significantly differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

(l) Future Accounting Changes - Financial Instruments

In January 2005, the Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: Section 3855 Financial Instruments - Recognition and Measurement; Section 3865 Hedges; and Section 1530 Comprehensive Income. These sections are currently being assessed to determine the applicability and impact on the Corporation's financial statements. They must be adopted for fiscal years on or after October 1 2006. The new requirements are as follows: Section 3855 - prescribes standards for recognizing and measuring financial instruments on the Balance Sheet and how related gains and losses are to be presented; Section 3865 - modifies the timing of recognizing gains or losses under Section 3855 to permit the matching of gains and losses in the Income Statement for financial instruments included in highly effective hedging transactions; and Section 1530 - introduces a new component of Shareholder's Equity and a new Statement of Comprehensive Income that will present certain gains and losses arising from the application of Sections 3855 and 3865, before they are transferred to the Income Statement.

3. Cash

The Corporation has an operating demand overdraft facility with its banker of up to $11,000,000 at bank prime. At year-end, the bank prime rate was 5.50% (2005 - 4.25%). The overdraft facility is guaranteed by Government of Yukon.

4. Mortgages, agreements and loans receivable

	Stated % interest rates	2006	2005
		In Thousands	
Mortgages Receivable			
Home Ownership Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2011. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2006 were $1,505,943. (March 31, 2005 - $1,843,302).	3.08 -8.25	$ 21,404	$ 23,718
Owner Build Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2010.	0 - 6.75	2,162	2,453
Repair & Upgrade Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2006 were $1,319,672 (March 31, 2005 - $1,539,562).	1.00 - 8.25	7,857	8,191
Energy Management Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2011.	1.00 - 2.75	120	234
Housing Industry Loans Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.	1.90 - 5.0	1,476	1,940

	Stated % interest rates	2006	2005
		In Thousands	
Subtotal mortgages receivable		$ 33,019	$ 36,536
Less: Allowances for payment subsidies for Home Repair loans		1,244	1,153
Less: Allowances for impaired loans		89	93
Total mortgages receivable		31,686	35,290
Land sales agreements receivable Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2011.	4.75 - 7.75	7,071	5,048
Total mortgages, agreements and loans receivable		38,757	40,338
Less: Current portion		6,020	5,094
		$ 32,737	$ 35,244

These investments earn interest at the following weighted average rates:

	2006	2005
Mortgages receivable	4.84%	5.20%
Land sales agreements receivable	5.33%	5.13%

5. Housing held for sale

	2006	2005
	In Thousands	
Mountain View Place	$ -	$ 535
Other housing inventory	136	503
	$ 136	$ 1,038

6. Seniors' Housing Management Fund

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

Changes in the Seniors' Housing Management Fund are as follows:	2006	2005
	In Thousands	
Balance at beginning of year	$ 1,684	$ 1,334
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	213	219
Interest revenue earned on monies held within the Fund	53	31
Balance at end of year	$ 2,050	$ 1,684

7. Capital assets

			2006	2005
			In Thousands	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	$ 32,621	$ 18,241	$ 14,380	$ 16,294
Staff housing	13,214	5,973	7,241	7,017
Office building	1,840	582	1,258	1,313
Land	1,451	-	1,451	1,389
Other facilities	768	729	39	49
Furnishings and equipment	95	65	30	32
Computer systems	61	34	27	72
	$ 50,050	$ 25,624	$ 24,426	$ 26,166

Canada Mortgage and Housing Corporation (CMHC) funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2006 was $400,000 (2005 - $250,000).

8. Long-term debt

	Stated % interest rates	2006	2005
		In Thousands	
Mortgages payable (guaranteed by the Government of Yukon)	4.32 - 12.50	$ 17,762	$ 18,635
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2023.			
CMHC loans (guaranteed by the Government of Yukon)	5.00 - 13.25	3,985	4,194
Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028			
Loans payable - Government of Yukon	0.00	17,130	17,145
Repayable without interest in periodic installments to 2027.			
Land sales agreements due to Government of Yukon	0.00	7,375	5,893
Repayable without interest in equal periodic installments to 2009.			
Total long-term debt		46,252	45,867
Less: Current portion		7,414	5,728
		$ 38,838	$ 40,139

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2006	2005
Mortgages payable	8.03%	8.25%
CMHC loans	8.76%	8.78%

Principal repayments required over the next five years are as follows:

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
		In Thousands			
2007	230	$ 1,073	$ 1,222	$ 4,889	$ 7,414
2008	251	1,008	618	777	2,654
2009	275	1,075	618	613	2,581
2010	301	1,122	618	568	2,609
2011	305	1,223	618	526	2,672

9. Employee future benefits

Other non-pension benefit plans

The Corporation provides non-pension benefits to its employees based on years of service and salary. Employee future benefits are a defined benefit plan and are not funded. There are no assets resulting in a plan deficit equal to the accrued benefit obligation. The results measured at the balance sheet date are summarized as follows:

	2006	2005
	In Thousands	
Accrued benefit liability, beginning of year	$ 547	$ 586
Add: Cost for the year	94	159
Less: Benefits paid by Yukon Housing	(22)	(135)
Unamortized experience gains	(55)	(63)
Accrued benefit liability, end of year	$ 564	$ 547
Accrued Benefits Liability Payable		
Short-term portion, included in accounts payable	$ 123	$ 116
Long term portion	441	431
	$ 564	$ 547

The significant actuarial assumptions were:

	2006	2005
Discount rate	5.75%	6.00%
Salary	3.00%	2.50%
Annual rate of inflation	2.20%	2.50%

The most recent actuarial valuation made for these non-pensions benefit plans was as of March 31, 2006. The next required valuation would be as of March 31, 2009.

Pensions

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

	2006	2005
Employer's contribution	$ 188	$ 207
Employees' contribution	103	98

10. Deferred capital funding from Government of Yukon

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:		2006	2005
		In Thousands	
Balance at beginning of year		$ 6,763	$ 6,907
Add:	Funding used to purchase depreciable capital assets	788	679
	Non Cash Contribution (building)	151	-
Less:	Unencumbered assets amortization	(635)	(823)
	Disposals and asset write down	(236)	-
Balance at end of year		$ 6,831	$ 6,763

11. Funding repaid to Government of Yukon

	2006	2005
	In Thousands	
Cash advances from Government of Yukon	$ -	$ 3,160
Repayment of advances	-	-
Operating grant	(2,874)	(3,947)
Funding used to purchase capital assets (Note 10)	(788)	(679)
Funding invested in Seniors' Housing Management Fund	(366)	(350)
Capital funding disposals and writedowns	96	
Cash operating advances (refunded to) or owed by Government of Yukon	-	(144)
Funding repaid to Government of Yukon	$ (3,932)	$ (1,960)

12. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2006 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The carrying amount and estimated fair values of the financial instruments are as follows:

	2006		2005	
	In Thousands			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	$ 31,686	$ 32,191	$ 35,290	$ 34,504
Land sales agreements receivable	7,071	6,388	5,048	4,708
	$ 38,757	$ 38,579	$ 40,338	$ 39,212
Long-term debt				
Mortgages payable	$ 17,762	$ 18,916	$ 18,635	$ 19,435
CMHC loans	3,985	4,291	4,194	4,450
Loans payable - Government of Yukon	17,130	7,546	17,145	7,642
Land sales agreements due to Government of Yukon	7,375	6,693	5,893	5,427
	$ 46,252	$ 37,446	$ 45,867	$ 36,954

These financial instruments do not have active markets. The fair value of these instruments may not reflect realizable amounts.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Until settled, the fair value of mortgages, agreements and loans receivable will fluctuate based on changes in interest rates. Management believes that unrealized losses are short term in nature and the carrying amount of mortgages, agreements and loans receivable will be fully recovered. In the event there are any unrealized gains and losses on these financial instruments, they will be included in the statement of operations when realized.

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions, disclosed elsewhere in these financial statements, the Corporation enters into transactions with related entities in the normal course of business.

The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. The amount charged by the Government of the Yukon to the Corporation for shared services for the year 2006 was $1,476,468 (2005- $1,402,000). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Commitments and contingencies

	2006	2005
	In Thousands	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	$ 1,253	$ 1,044
Payment to Government of Yukon for a Canada Games building	875	-
Subsidies to private social housing organizations	428	428

Pursuant to a Supreme Court of the Yukon Territory court order, the Corporation was appointed Receiver/Manager of an independent third party entity the Whitehorse Housing Co-operative Association Limited effective December 9, 2003.

Pursuant to an agreement signed with Canada Mortgage and Housing Corporation in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative in 2006 for $1,259,000 (2005-$1,301,000) if it goes into default. Management believes that the Corporation will be able to repay the mortgage in full through the sale of the houses (against which the mortgage is made) in the event of default.

The Corporation purchases insurance for all capital assets that are quadruplexes and larger. This accounts for 247 out of 655 units in total with a net book value of $10,135,922. The balance of units are self insured with the Government of Yukon.

In the normal course of operations, the Corporation is subject to legal claims and possible claims and no provision for any claim is included in these financial statements.

15. Mortgage guarantees

The cost of house construction often exceeds the market value of that house in Yukon communities. Canada Mortgage and Housing Corporation provides mortgage insurance for up to 95% of the market value of a new home. Under the Extended Mortgage Guarantee Program, the Corporation will insure for up to 95% of the cost of a new house, therefore enabling rural Yukon residents to have access to insured mortgage financing.

The contingent liability for mortgage guarantees under this program as at March 31, 2006 is $163,000 (2005 - $163,000).

16. Government of Yukon transfer payments

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

	2006	2005
	In Thousands	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	$ 3,509	$ 4,770
Add recovery - Mountain View Place inventory valuation allowance	-	173
Less amortization	(2,375)	(3,927)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(285)	(155)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	266	250
Add Deferred Revenue C.M.H.C. Affordable Housing	149	
Add Government of Yukon non cash contribution (Land)	73	-
Government of Yukon - Operations and Maintenance transfer payment	$ 1,337	$ 1,111
Government of Yukon - Capital transfer payment		
Recovery of Mountain View Place inventory valuation allowance	-	(173)
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	285	155
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,097	1,145
Add funding provided to purchase depreciable capital assets (Note 10 and 11)	788	679
Less Net Book Value of disposed assets	(236)	-
Government of Yukon - Capital transfer payment	$ 2,034	$ 1,906

17. Comparative figures

Certain comparative figures for 2005 have been reclassified to conform with the 2006 presentation.

Yukon Housing Corporation
Schedule of Program Costs and Administration Expenses
Year ended March 31, 2006

	2006	2005
	In Thousands	
Program costs		
Housing operations		
General maintenance	1764	$ 1,559
Utilities	1339	1,267
Property taxes	492	485
Subsidies - Private social housing organizations	347	421
Direct lending program administration	223	211
Garbage collection and janitorial	164	160
Insurance	135	135
Property rentals	125	105
Housing program administration	25	22
Bad debts - housing operations including rental tenants	33	48
	4,647	4,413
Other		
Home Repair mortgage provision for payment subsidies expense	285	155
Non-recoverable land development costs	-	(173)
Housing project improvements	-	20
	285	2
	$ 4,932	$ 4,415

Administration expenses

	2006	2005
Rentals - office and equipment	$ 177	$ 203
Professional fees	21	106
Travel and transportation	105	88
Computer services	63	81
Communications	73	74
Office and sundry	57	50
Boards and committees	35	26
Program promotion	21	9
	$ 552	$ 636

YUKON HOUSING CORPORATION

Yukon Housing Corporation
Schedule of Bad Debt Write-offs
year ended March 31, 2006

Tenant Receivables Written Off	Amount
Anderson, Ryan & Allin, Margar	4,115
Andre, Yvonne	2,362
Atkinson, Patrick Joseph	1,427
Bates, Lynnette	1,005
Benjamin, Jason	1,905
Bien, Karen	1,958
Bien, Shirley	2,677
Blackjack, Marissa	1,916
Brooks, Deborah	3,053
Bunbury, Lisa	1,203
Burns, Roxanne	1,265
Butler, Loretta & Randy	1,353
Carlick, Sarah	2,514
Casey, Roanna	2,923
Charlie, Susan	2,133
Charlie, Vanessa	1,883
Dick, Robert Mason	1,103
Dick, Roberta	1,073
Fox, Michelle	2,349
Gagnon,Mike & Stewart,Elaine	1,056
Geddes, Rosetta	1,052
Grant, Christine	1,918
Harper,Melvin & Smarch,Martina	9,884
Hartling, Shirley & Neil (Neil deceased)	1,208
Henley, Dale	1,013
Hume, Janet	2,015
Jackson, Teddy & O'Brien, Mart	3,587
Jim, David	1,082
Jim, Diane & Hamilton, Mike	3,842
Johnson,Dwayne & MacFarlene,Donn	5,344
Ledgerwood, Harold	1,738
Lindsay, Owen & Annette	1,063
Macewan, Tracey	1,120
McCormick, Marsha	1,039
McKenna, Lewis & Peters, Chris	1,423
Mosavi, Sayed & Rahmani, Flora	2,259
Remple, Larry	1,867
Sam, Georgina	2,114
Sam, Robin	1,229
Sanders, Susan	1,173
Schafer, Angela	1,319
Schultz, Brenda	1,962
Secord, Dalelyn & Wayne	1,778
Semple-Berens, Christine	2,091
Sidney, Mary	8,800
Simon, Lawrence (Deceased)	1,038
Smarch, Michael	1,732
Sparvier, Rhonda	1,065
Stanley, Bryan	1,025
Taruc, Ernesto	1,049
Ward, Donna	2,217
Ward, James	1,723
Wilson, Marvel	1,472
Woledge, Jack	1,341
Tenant Receivables Written off $1,000 and over	113,856
Tenant Receivables written off $999 and under	50,492
Total accounts written off in the year ended March 31, 2006	164,347
Total accounts written off in the year ended March 31, 2005	10,845
Total accounts written off in the year ended March 31, 2004	58,664
Total accounts written off in the year ended March 31, 2003	27,487

The Corporation is disclosing bad debts written off as required by subsection 14(4) of the *Financial Administration Act*.

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YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2005

(audited)

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Yukon
Development
Corporation

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Yukon Development Corporation are the responsibility of management, and have been prepared in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates and approximations, which have been made using careful judgement. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the consolidated financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, the careful selection and training of qualified personnel, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express an opinion on whether the consolidated financial statements, in all material respects, fairly present the Corporation's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. In addition, the external auditor reports on whether proper books of account have been kept by the Corporation, the consolidated financial statements are in agreement therewith, and transactions, in all significant respects, are in accordance with the *Financial Administration Act* as applicable, the *Yukon Development Corporation Act* and the bylaws of the Corporation and its wholly-owned subsidiaries. The Auditor's Report, which follows, outlines the scope of this examination and the auditor's opinion.

The Corporation's Board of Directors, through its Audit and Finance Committee, oversees management's responsibilities for financial reporting. The Audit and Finance Committee meets with management and the independent external auditor to discuss auditing and financial matters, to gain assurance that management is carrying out its responsibilities and to review and approve the consolidated financial statements. The auditor has full and free access to the Audit and Finance Committee, with and without the presence of management.

Blaine A Anderson

David Morrison	Blaine Anderson, C.A.
Chief Executive Officer	Chief Financial Officer

Whitehorse, Yukon
April 19, 2006

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister Responsible for the Yukon Development Corporation

I have audited the consolidated balance sheet of the Yukon Development Corporation as at December 31, 2005 and the consolidated statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Yukon Development Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and by its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Yukon Development Corporation Act* and regulations, and the bylaws of the Corporation and its wholly-owned subsidiaries.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
April 19, 2006

Yukon Development Corporation

Consolidated Balance Sheet

As at December 31, (in thousands of dollars)	**2005**	2004 (Restated-note 3)
Assets		
Current assets		
Cash and cash equivalents (note 5)	$ 8,108	$ 6,679
Accounts receivable (note 6)	4,154	4,459
Materials and supplies	2,099	2,650
Prepaid expenses	218	845
Current portion of investment (note 7)	419	373
	14,998	15,006
Restricted cash (note 8)	**2,617**	2,690
Trust assets (note 9)	**679**	663
Investments (note 7)	**3,075**	3,498
Property, plant and equipment (note 10)	**151,565**	152,460
Diesel contingency fund (note 11)	**791**	772
Deferred water licensing costs (note 12)	**5,871**	5,453
Reserve for uninsured losses (note 18)	-	797
Deferred charges (note 13)	**2,427**	1,384
	$ 182,023	$ 182,723
Liabilities		
Current liabilities		
Accounts payable	$ 3,839	$ 4,201
Current portion of long-term debt (note 16)	1,748	1,239
Regulatory liabilities (note 14)	1,776	2,811
	7,363	8,251
Deferred revenue (note 15)	**10,406**	10,715
Trust liabilities	**679**	663
Long-term debt (note 16)	**21,052**	39,982
Reserve for uninsured losses (note 18)	**33**	-
Contributions in aid of construction (note 19)	**5,552**	5,147
Reserve for future removal and site restoration costs	**5,618**	5,757
Diesel contingency fund (note 11)	**791**	772
	51,494	71,287
Equity		
Contributed capital	**41,501**	41,501
Retained earnings	**89,028**	69,935
	130,529	111,436
	$ 182,023	$ 182,723

Contingencies and Commitments (notes 21 and 22)
The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Chair

Director

Yukon Development Corporation

Consolidated Statement of Operations

For the year ended December 31, (in thousands of dollars)	**2005**	2004 (Restated-note 3)
Revenue		
Sales of Power	$ 25,940	$ 24,566
Finance income	414	457
Other income	371	469
Contribution - Canada	288	270
Contribution - Yukon	141	261
Interest income	236	201
	27,390	26,224
Expenses		
Administration	8,813	7,568
Amortization of property, plant and equipment	4,959	6,052
Operations and maintenance	4,879	4,642
Interest on long-term debt	1,349	1,857
Amortization of deferred charges and water licensing costs	900	531
Programs	558	901
Provision for uninsured losses (note 18)	100	50
	21,558	21,601
Net income before rate stabilization and gains/losses	**5,832**	4,623
Gain on settlement of debt (note 16)	**16,978**	-
Rate stabilization (note 22)	**(3,658)**	(3,394)
Loss on disposition of assets	**(59)**	-
Net income	**$ 19,093**	$ 1,229

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Retained Earnings

For the year ended December 31, (in thousands of dollars)	**2005**	2004 (Restated-note 3)
Retained earnings, beginning of year **As previously reported**	**$ 76,288**	$ 75,242
Prior period adjustment (note 3)	**(6,353)**	(6,536)
Retained earnings, beginning of year as restated	**69,935**	68,706
Net income	**19,093**	1,229
Retained earnings, end of year	**$ 89,028**	$ 69,935

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Cash Flows

For the year ended December 31, (in thousands of dollars)	2005	2004
Cash flows from		
Operating activities		
Cash receipts from customers	$ 26,736	$ 24,598
Cash paid to employees and suppliers	(18,228)	(16,236)
Interest paid	(1,349)	(1,857)
Interest received	650	658
	7,809	7,163
Financing activities		
Decrease in restricted cash	73	155
New long-term debt obtained	10,711	(1,189)
Repayment of long-term debt	(12,153)	-
Decrease (increase) in trust assets	(16)	589
Increase in trust liabilities	16	13
	(1,369)	(432)
Investing activities		
Property and equipment purchased	(3,718)	(5,698)
Decrease in long term investments	377	538
Increase in reserves	691	496
Increase in deferred charges	(2,361)	(790)
	(5,011)	(5,454)
Net increase in cash and cash equivalents	**1,429**	1,277
Cash and cash equivalents, beginning of year	**6,679**	5,402
Cash and cash equivalents, end of year	**$ 8,108**	$ 6,679

The accompanying notes are an integral part of the financial statements.

1. Authority, objectives and operations

Yukon Development Corporation (the Corporation) was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission (NCPC) in the Yukon.

In 1993, the Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon.

The Corporation's wholly-owned subsidiaries, Yukon Energy Corporation (the "Utility") and Energy Solutions Centre Inc.(ESC), were incorporated under the *Yukon Business Corporations Act*. Yukon Energy Corporation generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board (YUB) and specific regulation by the Yukon Territory Water Board. Both of these boards are independent from the Utility.

The mandate of Energy Solutions Centre Inc. is to engage Yukoners in the challenge and potential of energy efficiency and green power as solutions to climate change by mobilizing individuals, businesses, communities and First Nations to implement projects that will reduce greenhouse gas emissions in the Yukon. On February 7, 2005 the Government of Yukon announced that operations of the Canada Yukon Energy Solutions Centre were to be separated from the control of Yukon Development Corporation and transferred to the Department of Energy Mines and Resources. The date of transfer was established as December 30, 2005. Some assets and liabilities still exist at December 31, 2005 in Energy Solutions Centre Inc., however the company is expected to be dissolved in 2006.

Yukon Energy Corporation and Energy Solutions Centre Inc. are exempt from the *Financial Administration Act* (Yukon).

Rate Regulation

The Corporation's subsidiary, Yukon Energy Corporation, is regulated by the YUB pursuant to the *Public Utilities Act (Yukon)*. There is no minimum requirement for the Utility to appear before the YUB to review rates. However, the Utility is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. The Utility is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment or rate base. Whereas actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Utility makes an application for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with all relevant legislation including the *Public Utilities Act* and directives issued by the Yukon Government through Orders-In-Council that specify how the interests of the customer and Utility are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Utility will incur to provide electricity to its customers over the immediate future are approved. The approval of these costs determines the total revenues the Utility is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Utility to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the amortization of all capital equipment; and

1. Authority, objectives and operations - continued

Rate Regulation - continued

- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, and the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

As well, in the first stage, the YUB reviews the addition of costs to rate base and assesses these costs to ensure they are prudent.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: residential, government, commercial and industrial. This process is guided mainly by requirements of Yukon Government Order-in Council 1995/90 and can include a cost-of-service study which allocates the overall Utility's cost of service to the various customer classes on the basis of appropriate costing principles.

Normally, the Utility applies for rates in advance of the applicable years. The last rate application was for the 2005 year. Interim hearings may be used between rate applications to deal with unforeseen circumstances which could result in the use of interim rates or riders until the next rate application when rates are reviewed and set as final.

Water Regulation

The Yukon Territory Water Board pursuant to the *Yukon Waters Act* decides if and for how long the Utility will have a water license for the purposes of operating hydro generation stations in the Yukon. The licenses will also indicate terms and conditions for the operation of these facilities.

2. Significant accounting policies

Financial statement presentation

The consolidated financial statements of Yukon Development Corporation have been prepared by management and conform to Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of Yukon Development Corporation and its wholly-owned subsidiaries, Yukon Energy Corporation and Energy Solutions Centre Inc. The consolidated financial statements reflect Canadian generally accepted accounting principles and practices of regulatory bodies. All significant inter-company transactions and balances have been eliminated on consolidation. Effective December 31, 2005, the Utility retroactively adopted the Canadian Institute of Chartered Accountant's guideline 19 pertaining to the disclosure and presentation of information by entities subject to rate regulation. This change in presentation had no effect on the Utility's current or prior year net income or retained earnings. Impacts of accounting for rate regulated operations are further described in Note 4.

The financial statements of the Utility have been prepared by management. They conform to Canadian generally accepted accounting principles ("GAAP") and take into account generally accepted methods and practices of regulatory bodies. The regulatory accounting policies adopted by the Utility may differ from the accounting policies otherwise expected using GAAP. In particular, the timing of the Utility's recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that of a non-regulated enterprise (see note 4). Consequently, the significant accounting principles have been classified accordingly in the notes below:

2. Significant accounting policies - continued

Rate regulated accounting policies

Property, plant and equipment
The Utility capitalizes an allowance for funds used during construction ("AFUDC") at the weighted average cost of capital. Upon retirement or disposal, any gain or loss is charged to income in the current year for assets depreciated on an individual basis, or charged to accumulated depreciation for assets depreciated on a pooled basis.

Regulatory liabilities
Regulatory liabilities represent amounts ordered by the YUB to be held by the Utility on behalf of ratepayers. Typically these amounts are either refunded to the customers or applied to ratepayer deficits through the rate setting process.

Reserve for uninsured losses
As a means of self-insurance, the Utility maintains a reserve for uninsured losses. The reserve is maintained through an annual provision approved by the YUB and collected through customer rates. Variances between the approved annual provision and actual costs incurred are deferred until the following general rate application or until a specific application is made to the YUB requesting recovery from or refund to customers.

Deferred charges
Deferred charges are recorded at cost less accumulated amortization. Cost of feasibility studies and infrastructure planning are amortized on a straight-line basis over five and ten years respectively. Regulatory hearing costs are amortized on a straight-line basis over three years. Other deferred charges are amortized to earnings on a straight-line basis over various terms approved by the YUB.

Regulatory provision for future removal and site restoration costs
The Utility maintains a reserve for the future removal of property, plant and equipment and the costs of site restoration related to those assets. The costs of demolishing, dismantling, tearing down, or otherwise disposing of the asset and site restoration, net of actual recoveries, are deducted from this account when they do not relate to an asset retirement obligation.

Deferred revenue
Deferred revenue represents a gain on fire insurance proceeds received related to a fire at the Whitehorse Rapids Generating Station in 1997. The gain is being amortized to income at the same rate that the replacement assets.

Diesel contingency fund
The Utility maintains a trust asset and an offsetting trust liability on behalf of ratepayers. The trust is used to reimburse the Utility for costs associated with diesel generation required when there is not sufficient water for hydraulic generation to meet demand. The Utility is required to file an annual report with the YUB on the fund's activity.

Generally accepted accounting principles ("GAAP")

The following policies adopted by the Corporation are in accordance with Canadian generally accepted accounting principles.

Cash equivalents
Cash equivalents represent short-term highly liquid investments and are carried at cost.

2. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Revenue recognition
All revenues are recognized in the period earned. Revenue from the sale of power is recognized based on cyclical meter readings. Sales of power includes an accrual for electricity deliveries not yet billed.

Materials and supplies
Materials and supplies and diesel fuel are recorded at average cost. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

Property, plant and equipment
Property, plant and equipment is stated at cost which includes materials, direct labour, a proportionate share of directly attributable administration overhead, and finance charges capitalized during construction, less accumulated amortization. Amortization is based on the straight-line method over the estimated economic life of the assets as follows:

Generation	
Hydro-electric plants	30 to 65 years
Diesel plants	25 to 45 years
Wind turbines	30 years
Transmission	40 to 50 years
Distribution	25 to 40 years
Buildings	20 to 40 years
Financial Information System	5 to 10 years
Transportation	9 to 31 years
Other equipment	5 to 20 years

Asset retirement obligations
On an annual basis the Utility identifies legal obligations associated with the retirement of tangible long-lived assets. Where a reasonable estimate of the fair value of these obligations can be determined, the total retirement costs are to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment.

The Utility has determined that it has tangible long lived assets with associated future legal obligations for retirement. As the Utility anticipates using the assets for an indefinite period, the date of removal of these assets cannot be reasonably determined, and therefore an asset retirement obligation has not been recorded. When the timing and amount of the retirement can be reasonably estimated, an asset retirement obligation and the corresponding increase in property, plant and equipment asset will be recognized.

Investments
Investments classified as current assets are carried at the lower of cost and market value. Other investments are carried at cost less a write-down, if necessary, for any impairment in value which is other than temporary.

Derivative financial instruments
The Corporation enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. The Corporation's policy is not to utilize derivative financial instruments for trading or speculative purposes. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

2. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Derivative financial instruments - continued
The Corporation does not apply hedge accounting to its derivatives. Derivatives are recognized on the balance sheet upon issuance, and removed from the balance sheet when they expire or are terminated. Both on initial recognition and subsequently, each derivative is recognized as either an asset or a liability on the balance sheet at its fair value. Derivatives with a positive fair value are reported as derivative related amounts as a component of total assets. Derivatives with a negative fair value are reported as derivative related amounts as a component of liabilities.

The change in the fair value of derivatives is recognized in income in the period in which it occurs. Management's intention is to hold derivatives to maturity resulting in the cumulative unrealized gains and losses on individual derivative instruments netting to zero over the life of the instrument.

Contributions in aid of construction
Certain property, plant and equipment additions are made with the assistance of cash contributions from customers. These contributions are amortized to income on the same basis as the assets to which they relate. Amortization of contributions from customers is netted on the statement of income against amortization expense.

Deferred water licensing costs
Costs related to obtaining water license renewals are deferred and amortized to earnings on a straight-line basis over the term of the license. The Utility operates its hydro generation facilities under three separate water licenses, with terms ranging from 17 to 25 years.

Employee pension plan
The Utility has a defined benefit pension plan which provides for pensions based on length of service and final average earnings. The cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Adjustments resulting from the plan enhancements, actuarial gains and losses, and changes in assumptions are amortized over the estimated average remaining service period of active employees. Pension costs include the current cost of service and amortization of past service benefits and plan enhancements, and actuarial gains and losses. Amortization is on a straight-line basis over the expected average remaining service period of active employees, which is currently 14 years. The transitional asset that arose when this policy was first applied is amortized over the average remaining service period of active employees expected to receive benefits under the benefit plan as of January 1, 2000.

Contribution - Canada
Contributions are received from the Government of Canada as part of a contribution agreement between the Corporation and Natural Resources Canada. The purpose of the program is to stimulate energy efficiency and renewable energy technologies. The program is delivered by the subsidiary, Energy Solutions Centre Inc. and revenue is recognized on an accrual basis, when services are performed.

Contribution - Yukon
Contributions were received in 1999 as part of the Yukon Government's commitment to sustainable energy development. These contributions are recognized as income when the eligible expenses are incurred.

2. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Measurement uncertainty
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects revenue, accounts receivable, property, plant and equipment, asset retirement obligations and employee pension obligations. Actual results could differ by a significant amount from these estimates. Management's estimates and assumptions, especially those affecting the reported amounts of assets and the Utility's ability to recover the cost of these assets through future rates, are subject to decisions of the YUB as described in note 4.

3. Correction of an accounting error affecting prior periods

It has been determined that the value of certain assets should have been recorded at the amount permitted to be approved through the rate base by the regulator and not recorded at their original cost. The adjustment has been made retroactively. The cumulative effect of the error on years prior to 2004 has been reflected in the opening balance of retained earnings for 2004. The effect of this adjustment for 2005 is an increase in Net income of $145,000. The effect of the change are as follows:

	2004 as previously reported	Adjustments	2004 Restated
Property, plant and equipment	158,813	(6,353)	152,460
Net income	1,046	183	1,229
Retained earnings, beginning of year	75,242	(6,536)	68,706
Retained earnings, end of year	76,288	(6,353)	69,935

4. Financial statement effects of rate regulation

Certain items in these consolidated financial statements are accounted for differently than they would be in the absence of rate regulation.

Where regulatory decisions dictate, the Utility defers certain costs or revenues as assets or liabilities on the balance sheet and records them as expenses or revenues in the statement of income as it collects or refunds amounts through future customer rates. Any adjustments to these deferred amounts are recognized in earnings in the period that the YUB renders a subsequent decision.

Regulatory assets represent future revenues associated with certain costs, incurred in the current period or in prior periods, which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process.

4. Financial statement affects of rate regulation - continued

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event:

	2005	2004	Expected remaining recovery/ settlement (years)	For 2005 In the absence of Rate Regulation the Utility's Net Income would have increased (decreased) by:
Regulatory assets				
Deferred charges (note 13), net book value				
Feasibility studies	$ 1,498	$ 866	4 to 10	$ (632)
Downsizing costs	119	167	2	48
Hearing costs	622	325	2	(297)
Dam safety review	89	26	2 to 4	(63)
Diesel contingency fund (note 11)	791	772	Indeterminate	(19)
	3,119	2,156		(963)
Regulatory liabilities:				
Anvil Range Mine dewater revenue (note 14)	1,776	2,067	Indeterminate	(291)
Insurance proceeds held on behalf of ratepayers (note 14)	-	744	-	-
Deferred gain on fire insurance proceeds (note 15)	7,789	8,025	30	(236)
Reserve for uninsured losses (note 18)	33	(797)	Indeterminate	86
Regulatory provision for future removal and site restoration costs	5,618	5,757	Indeterminate	(139)
Diesel contingency fund (note 11)	791	772	Indeterminate	19
	16,007	16,568		(561)
Net impact	**$ (12,888)**	$ (14,412)		$ (1,524)

Deferred charges

Deferred charges represent costs which have been deferred and are being amortized over various periods. In the absence of rate regulation, GAAP would require such costs to be recognized in the year incurred.

Feasibility studies

The costs of determining the feasibility of future capital projects that did not result in a capital project are deferred and amortized over five years as approved in the Utility's 1991/92 General Rate Application and re-confirmed in YUB Order 2005-12. Infrastructure planning costs are amortized over ten years as approved by YUB order 2005-12. In the absence of rate regulation, expenses in 2005 would have been $632,000 higher.

Downsizing costs

Costs incurred to assist in downsizing the Utility's workforce are capitalized and amortized to expense over seven years as approved in the Utility's 1993/94 General Rate Application and reconfirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2005 would have been $48,000 lower.

Hearing costs

The Utility incurred $1,133,000 in costs associated with the YUB regulatory proceedings held in 2005. These costs consist primarily of legal and consulting costs incurred by the Utility of $851,000 and reimbursement of YUB and reimbursement of YUB and intervener costs of $282,000. YUB Order 2005-16 directed the Utility to reimburse the YUB and interveners for costs they incurred in the amount of $282,000.

4. Financial statement affects of rate regulation - continued

Hearing costs - continued
YUB Order 2005-17 disallowed $200,000 of the $851,000 of costs incurred by the Utility. The disallowed amount has been recorded as Administration expenses in the current year. YUB Order 2005-12 directed the Utility to defer and amortize the approved hearing costs of $933,000 over 3 years commencing January 1, 2005. In the absence of rate regulation, expenses in 2005 would have been $297,000 higher.

Dam safety review
The Utility has a program of conducting reviews of the safety of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are amortized over five years as approved by the Utility's 1991/92 General Rate Application and reconfirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2005 would have been $63,000 higher.

Regulatory liabilities

Anvil Range Mine dewater revenue
As directed by YUB Order 1998-5, all revenues, less any incremental costs to provide the service, collected from Anvil Range Mine under Rate Schedule 34 (Faro Mine Firm Shutdown Power) prior to December 31, 2004, were deferred for the benefit of ratepayers pending direction from the YUB. YUB Order 2005-12 confirmed that effective January 1, 2005 the Anvil Range minesite would be charged the General Service-Government rate so there will be no further increases to dewatering revenue. This order also enables the Utility to draw down on the Anvil Range dewater revenue to fund its approved 2005 revenue shortfall. YUB Order 2005-17 set the approved 2005 revenue shortfall at $291,000. In the absence of rate regulation, GAAP would have required only the recognition of actual sales earned during the year. As a result, the Utility's sales of power in 2005 would have been $291,000 lower. The period over which the remaining liability will be recognized as revenue for the benefit of ratepayers is dependent on future YUB Board orders and, therefore, cannot be estimated.

Insurance proceeds held for ratepayers
Insurance proceeds held on behalf of ratepayers represents the residual balance of insurance proceeds after allocation against all reconstruction and operation and maintenance costs related to a fire at the Whitehorse Rapids Generating Station in 1997, pursuant to Board Order 2002-3. As directed by YUB Order 2005-12, the insurance proceeds of $744,000 were applied to the reserve for uninsured losses deficit during the year. In the absence of rate regulation, the insurance proceeds would have been included in income in the year received. The impact on current year net income would be $0.

Deferred revenue
The deferred gain on fire insurance proceeds relates to a fire at the Whitehorse Rapids Generating Station in 1997 which, pursuant to Board Order 2000-3, is being amortized to income at the same rate as the replacement assets. In the absence of rate regulation, GAAP would have required the gain to have been completely recognized as income in the year received. As a result, the Utility's current year net income would have been lower by the amount of the amortization of $270,000.

Reserve for uninsured losses
The YUB has approved the use of a reserve for uninsured damages and injuries as a means of self-insurance. The reserve is maintained through an annual provision approved by the YUB. In order to eliminate the deficit rate payers held as a result of uninsured losses, the Utility was directed by YUB Order 2005-12 to transfer the insurance proceeds being held on behalf of rate payers of $744,000 to the reserve for uninsured loss, and increase the annual provision from $50,000 to $100,000 for the years 2005 to 2007.

4. Financial statement affects of rate regulation - continued

Reserve for uninsured losses - continued

The annual provision will revert back to $50,000 unless the YUB subsequently orders otherwise. In the absence of rate regulation, GGAP would require costs to be expensed as incurred and, therefore, expenses in 2005 would have been lower by $86,000. The period over which the reserve will be recovered is dependent on the magnitude of future actual losses incurred and cannot be estimated.

Regulatory provision for future removal and site restoration costs

Pursuant to depreciation rates approved by the YUB in the Utility's previous general rate applications, under section 23(1)(b) of the Public Utilities Act, the Utility has maintained a reserve for future removal and site restoration costs. As a result of the YUB Order 2005-12, effective January 1 2005, the Utility is required to maintain this reserve as a regulatory provision in addition to any asset retirement obligations. The provision is not to exceed the cumulative value of the provision at December 31, 2004 of $5,757,000. In the absence of rate regulation, GAAP would have required the Utility to reverse the reserve to retained earnings in 2004. YUB Order 2005-12 also directs the Utility to notify interveners and interested parties when the balance of the provision reaches $2,000,000. Costs of dismantling capital assets, including site remediation, will be applied to this regulatory liability if they do not otherwise relate to an asset retirement obligation. In a non-regulated industry, future removal and site restoration costs would be limited to asset retirement obligations, and the removal and site restoration costs would be expensed in the year incurred if they did not relate to an asset retirement obligation. In the absence of rate regulation, the Utility's 2005 expense would have been higher by the amount of actual removal and site restoration costs incurred in the year of $139,000. The period over which the provision will be settled is dependent on the future costs of demolishing, dismantling, tearing down, or otherwise disposing of the asset, and site restoration net of actual recoveries, and is, therefore, indeterminate.

Diesel contingency fund

The Diesel contingency fund ("DCF") was established by YUB Order 1996-6 through the Negotiated Settlement process. The DCF is administered by the Utility on behalf of the YUB, and as such is recorded as a trust asset and a trust liability. The DCF attracts interest based upon short-term bond rates in which the Utility invests the funds held in trust. Any negative balance attracts interest at the lowest short-term borrowing rate available to the Utility through its line of credit. Pursuant to YUB order 1996-6, the Utility from time to time is required to transfer amounts to or from the trust it maintains on behalf of ratepayers to reimburse the Utility for costs associated with diesel generation required when there is not sufficient water for hydraulic generation to meet demand. As directed by Board Order 2002-3, the current balance of the DCF consists of the fire insurance gain of $744,000, realized as part of the settlement of the insurance claim arising from the fire at the Whitehorse Rapids Generating Station, plus interest earned on the funds held in trust. In the absence of regulation, GAAP would have required the amounts transferred to and from the DCF, and any interest earned or incurred to be included in the Utility's net income in the year in which they occurred. In the absence of rate regulation, the Utility's net income in 2005 would have been higher by $19,000 from interest earned on the DCF.

Other items affected by rate regulation

The Utility is required under the *Public Utilities Act* to obtain prior approval from the YUB before making changes to depreciation, amortization, and depletion rates and methods. The YUB permits an allowance for funds used during construction ("AFUDC"), based on the Utility's weighted average cost of capital, to be included in the rate base. AFUDC is also included in the cost of property, plant and equipment for financial reporting purposes, and is depreciated over future periods as part of the total cost of the related asset, based on the expectation that depreciation expense, including the AFUDC component, will be approved for inclusion in future customer rates. Since AFUDC includes not only an interest component, but also a cost-of-equity component, it exceeds the amount allowed to be capitalized in similar circumstances in the absence of rate regulation.

4. Financial statement affects of rate regulation - continued

Other items affected by rate regulation - continued

It is the Utility's policy to charge to income, in the year of disposal, any gain or loss upon retirement or disposal of land or vehicles. The gain or loss on all other property, plant and equipment is charged to accumulated depreciation and deferred and amortized over the expected life of the remaining pool of similar assets. In the absence of rate regulation, GAAP would require the gain or loss on the disposal or retirement of all property, plant and equipment to be included in income in the period of disposal or retirement.

YUB Order 2005-12 disallowed capital costs related to the Mayo-Dawson transmission line in excess of $28,996,000. As a result of the YUB order, the Utility wrote down the value of property, plant and equipment related to the Mayo-Dawson transmission line by $1,224,000. In 2005, $554,000 related to costs incurred to correct deficiencies and have been recorded as Operations and maintenance costs (line and substation costs). $671,000 related to legal costs incurred to pursue claims and counter claims against Chant Construction and have been recorded as Administration (General office and governance costs). In the absence of rate regulation, net income would not change as GAAP would also require the Utility to record the write-down. Additionally, YUB Order 2005-12 disallows the Utility from earning a return on any additional costs incurred with respect to the Mayo Dawson line as a result of pursuing any claims or counter claims against Chant Construction and directs the Utility to record any recoveries from Chant Construction in an interest bearing deferred account for future review and disposition by the YUB.

The Utility's policy of maintaining a constant capital structure of 60% debt and 40% equity is reviewed by the YUB as part of the rate setting process and in the determination of the return on rate base. In the absence of rate regulation, the Utility would determine the appropriate capital structure solely based on decisions by the Board of Directors of the Utility, which may differ from the current policy.

All amounts maintained as regulatory assets and liabilities are expected to be recovered or settled over the periods noted above. However, there are risks and uncertainties associated with the recovery or settlement related to potential future decisions of the regulator.

Rate decision

On October 18, 2005, the YUB issued YUB Order 2005-12 related to the Utility's revenue requirements application dated December 13, 2004 which includes the Utility's 2005 fiscal year. The Utility's application requested changes to certain regulated accounts: the rate charged for Rate Schedule 32 (Secondary Energy); and the elimination of Rate Schedule 34 (Faro Mine Firm Shutdown Power). As a result of YUB Order 2005-12 and related follow-up decisions, effective January 1, 2005, the Utility is entitled to a rate of return on common equity of 9.05%. The major items contained in these decisions are:

- to set rates for residential and commercial customers as permanent effective January 1, 2005;
- to apply amounts currently recorded as regulatory liabilities in the Anvil Range Mine dewater revenue deferral account, to offset 2005 revenue shortfalls totaling $291,000. Additional amounts up to $291,000 per year can be ordered by the YUB for 2006 and 2007;
- to apply the $744,000 balance of the regulatory liability recorded as insurance proceeds held for ratepayers against the reserve for uninsured losses deficit;
- to increase the annual appropriation to the reserve for uninsured losses to $100,000 for each of the 2005, 2006 and 2007 years;
- implementation of new depreciation rates with the cumulative prior years impact of the rate change amortized to income over the average remaining life of the assets;

4. Financial statement affects of rate regulation - continued

Rate decision - continued

- discontinue the annual provision for future removal and site restoration, and notify interveners and interested parties when the balance reaches $2,000,000;
- limit the inclusion of Mayo Dawson transmission line costs in the Utility's rate base to $28,996,000;
- to disallow any further costs incurred on the Mayo Dawson line related to claims and counter claims between Chant Construction and the Utility;
- to record recoveries received with respect to claims and counterclaims between the Utility and Chant Construction in an interest bearing deferral account with the future disposition of the balance in the account to be determined by the YUB;
- to defer $650,000 of the $851,000 direct costs incurred by the Utility related to the hearing costs account (as forecast in the November 17, 2005 compliance filing submitted to the YUB) and amortize equally over 3 years commencing January 1, 2005;
- to pay $282,000 to the YUB and interveners for their costs incurred to participate in the hearing, and to include this amount in the deferred hearing costs account to be amortized equally over three years commencing January 1, 2005;
- elimination of rate schedule 34 (Faro Mine Shutdown Firm Power);
- approval of an automatic quarterly rate setting mechanism for rate schedule 32 (Secondary Energy), whereby the Utility sets the rate on a quarterly basis at 66.7% of the avoided price of fuel oil and is required to provide the YUB with notification of the quarterly rate change; and
- to refund to secondary energy customers the difference of $45,000 between the interim and permanent rates, plus interest of $1,000.

5. Cash and cash equivalents

	2005	2004
Bank balance	$ 4,096	$ 1,718
Short-term investments	4,012	4,961
	$ 8,108	$ 6,679

Short-term investments are monies invested in a pooled money market fund. The short-term securities held in the fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. Annual return on investment for 2005 was 2.75% (2004 - 2.41%). The fair market value of these investments is equal to the carrying amount (note 24).

Yukon Energy Corporation also has a demand line of credit facility with its banker that allows the Utility to borrow up to $10,000,000 at bank prime. The overdraft facility is guaranteed by the Yukon Government. At year end the Yukon Energy Corporation borrowed nil (2004 - nil) on the credit facility.

6. Accounts receivable

		2005		2004
Wholesale energy sales	$	2,666	$	2,365
Retail energy sales		1,008		800
Other		480		1,294
	$	**4,154**	$	4,459

Yukon Energy Corporation's wholesale energy sales are made to Yukon Electrical Company Limited, an unrelated company also regulated by the YUB. Wholesale energy sales in 2005 were approximately $16,977,000 (2004- $16,493,000).

7. Investments

The Corporation's investments are summarized as follows:

		2005		2004
Direct financing leases	$	3,494	$	3,863
Leases receivable, net of deferred financing income		-		8
		3,494		3,871
Less: current portion		419		373
	$	**3,075**	$	3,498

In 1990, the Corporation acquired the building known as Old Yukon College from the Yukon Government for a nominal fee. The building was renovated and is being leased back to the Government for a period of 20 years. At the end of the lease term (in 2011) the Government may purchase the building from the Corporation for a nominal fee. Interest from the lease is recognized as finance income. The investment was $3,097,781 in 2005 (2004 - $3,467,633).

8. Restricted cash

Cash is restricted by Government of the Yukon for the purposes of Green Power and Energy Efficiency projects. As part of the government-mandated transfer of operations of the Canada Yukon Energy Solutions Centre to the Department of Energy, Mines and Resources, these funds were transferred to Yukon's Department of Finance in March 2006.

9. Trust assets

		2005		2004
Energy infrastructure investment	**$**	**679**	$	663

Energy infrastructure investment represents monies held by Yukon Development Corporation on behalf of a Yukon First Nation for investment in energy infrastructure. The ultimate use of these funds is subject to the finalization of necessary investment agreements. An equal offsetting liability is recorded in trust liabilities.

10. Property, plant and equipment

	Cost	Accumulated Amortization	2005 Net book Value	2004 Net book Value (Restated-note 3)
Generation	$ 135,572	$ 43,521	$ 92,051	$ 93,755
Transmission	47,024	9,829	37,195	37,387
Buildings and other equipment	13,797	4,993	8,804	8,612
Distribution	13,575	4,825	8,750	8,961
Construction-in-progress	2,369	-	2,369	1,370
Transportation	1,613	470	1,143	930
Financial information system	1,316	1,143	173	366
Land and land rights	1,080	-	1,080	1,079
	$ 216,346	**$ 64,781**	**$ 151,565**	$ 152,460

Energy Solutions Centre transferred assets to the Department of Energy Mines and Resources at December 30, 2005 for the cost $1. This generated a net loss on disposal of capital assets of $53,838, equivalent to the net book value of $77,057 less the remaining deferred capital funding balance of $23,219.

11. Diesel contingency fund

	2005	2004
Balance, beginning of year	$ 772	$ 755
Interest	19	17
Balance, end of year	**$ 791**	$ 772

12. Deferred water licensing costs

	Cost	Accumulated Amortization	2005 Net book Value	2004 Net book Value
Deferred water licensing costs	**$ 8,014**	**$ 2,143**	**$ 5,871**	$ 5,453

Amortization booked in 2005 was $359,000 (2004 - $336,000).

13. Deferred Charges

	Cost	Accumulated Amortization	**2005** Net book Value	2004 Net book Value
Feasibility studies	$ 4,813	$ 3,315	$ 1,498	$ 866
Hearing costs	933	311	622	325
Downsizing costs	334	215	119	167
Dam safety review	231	142	89	26
Deferred financing costs	110	11	99	-
	$ 6,421	**$ 3,994**	**$ 2,427**	$ 1,384

14. Regulatory liabilities

	2005	2004
Insurance proceeds held on behalf of ratepayers		
Opening balance	$ 744	$ 744
Applied to Reserve for uninsured losses (notes 4 and 18)	(744)	-
Closing balance	-	744
Anvil Range Mine dewater revenue		
Opening balance	2,067	2,067
Applied to revenue shortfall YUB Order 2005-17 (note 4)	(291)	-
Closing balance	1,776	2,067
	$ 1,776	$ 2,811

15. Deferred revenue

	2005	2004
Deferred gain on fire insurance proceeds - capital assets (net of amortization and adjustments of $3,438 (2004 - $3,168))	$ 7,789	$ 8,025
Sustainable energy development funds	2,617	2,690
	$ 10,406	$ 10,715

In 1999 the Yukon Government provided $6,000,000 towards sustainable energy in the Yukon. Two 10 year programs were established totaling $4,000,000 for green power and energy conservation and efficiency initiatives. $2,000,000 was provided for a wind turbine that was built in 2000. Interest earned on these funds is recorded as deferred revenue.

16. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2005	2004
The Toronto Dominion Bank $11,400,000 term facility by way of banker's acceptances, at a variable interest rate which resets quarterly (banker's acceptance discount rate plus stamping fee as at December 31, 2005 of 3.56%). Principal drawdowns are quarterly with the balance due on March 30, 2017 (see note 17 for interest rate swap agreement)	$ 10,711	$ -
TD Canada Trust $12,400,000 term note bearing interest at 7.81% payable in monthly installments of $102,000 interest and principal, with the balance due September 30, 2011. The note is guaranteed by the Yukon Government	8,942	9,449
Great West Life $5,750,000 mortgage bearing interest at 11.5%, repayable in monthly installments of $60,000 interest and principal with the final payment due July 2011	3,147	3,494
Government of Canada $40,000,000 flexible term note bearing interest at 7% repayable in annual installments of up to $1,000,000 principal, plus accrued interest	-	28,278
	22,800	41,221
Less current portion	1,748	1,239
	$ 21,052	$ 39,982

Government of Canada note
On March 30, 2005 the Corporation purchased the flexible term note from the Government of Canada for $11.3 million. At the time of the purchase the Utility carried this note at its face value of $28.278 million. As a result of the purchase, there has been a gain on the settlement of debt in the amount of $16.978 million.

Mortgage payable
The mortgage is secured by land and buildings described in note 10.

16. Long-term debt - continued

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2006	$	1,747
2007		1,860
2008		1,982
2009		2,125
2010		2,275
Thereafter		12,811
	$	**22,800**

Fair value

Fair value at December 31, 2005 of $24,869,000 (2004 - $50,132,000) for all long-term debt was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

17. Interest rate swap agreement

Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period of time using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged.

The Corporation has entered into an interest rate swap agreement with The Toronto Dominion Bank to reduce its exposure to fluctuations in interest rates on a portion of its debt (note 16) by exchanging its interest payments calculated at a floating banker's acceptance discount rate (3.56% at December 30, 2005) for fixed payments calculated at 4.62%. The swap agreement originated on March 30, 2005 and matures on March 30, 2017 with quarterly net settlements. The notional amount of the interest rate swap, which is reset quarterly to match a portion of the principal on the debt, is $7,624,000 as at December 31, 2005.

The fair market value of the swap agreement as at December 31, 2005 was ($152,061).

18. Reserve for uninsured losses

		2005		2004
Balance, beginning of year	$	(797)	$	(679)
Provision		100		50
Transfer from Regulatory liabilities (note 14)		744		-
Losses incurred				
Asset replacement		(14)		(168)
Balance, end of year	**$**	**33**	$	(797)

19. Contributions in aid of construction

	Cost	Accumulated Amortization	**2005** Net book Value	2004 Net book Value
Contributions from customers since 1998	$ 3,354	$ 231	$ 3,123	$ 2,604
Pre - 1998 contributions	1,739	857	882	926
Government of Yukon contributions	2,080	533	1,547	1,617
	$ 7,173	**$ 1,621**	**$ 5,552**	$ 5,147

The sources of contributions received prior to 1998 were not recorded separately.

20. Pension costs and obligations

Yukon Energy Corporation, (the Utility) sponsors a defined benefit pension plan which provides benefits based on length of service and final average earnings as follows:

- years of pensionable service,
- the average annual earnings during any 5 consecutive years of pensionable service where earnings are the highest, and
- the average of the years maximum pensionable earnings (Canada Pension Plan) for the same 5-year period

Annual cost of living increases to a maximum of 3.00% are provided to pensioners. The Utility contributes amounts as recommended by an independent actuary.

Employees make contributions to the plan as follows:

- 3.5% of earnings up to the year's maximum pensionable earnings
- 5.0% of earnings in excess of year's maximum pensionable earnings to a maximum of $2,500 per year.

The Utility has contracted with external organizations to provide services of trustee, administrator and investment manager for the pension plan.

An actuarial valuation for funding purposes was performed as of January 1, 2004 by the consulting actuarial firm AON Consulting Inc. The next valuation for funding purposes will be conducted as of January 1, 2007. The pension costs and obligations were based on the data used in the January 1, 2004 funding valuation and have been projected to December 31, 2005 in accordance with generally accepted actuarial standards.

The fair value of the plan assets is based on market values as reported by Royal Trust, the plan's custodian as at December 31, 2005. The plan assets are invested in a pooled balanced fund. The plan assets are invested as follows: equity investments (62.4%; 2004 - 60.5%), fixed income securities (34.6%; 2004 - 30.1%) and short term securities and cash (3.0%; 2004 - 9.4%).

20. Pension costs and obligations - continued

Information about the Utility's defined benefit plan as at December 31, in aggregate, is as follows:

		2005		2004
Discount rate - accrued benefit obligation		5.25%		6.00%
Discount rate - benefit costs		6.00%		6.50%
Expected long-term rate of return on plan assets		6.50%		6.50%
Assumed rate of salary escalation		3.00%		3.00%
Assumed rate of pension indexing		2.50%		2.50%
Expected average remaining service period of active employees		14 years		14 years
Benefit obligation determined by actuarial valuation	$	8,269	$	6,282
Fair value of plan assets		6,144		5,371
Plan deficit	$	2,125	$	911
Unrecognized amount				
transitional asset		203		220
net actuarial losses		(1,907)		(741)
Accrued benefit liability	$	421	$	390
Pension expense	$	337	$	286
Employer contributions	$	306	$	320
Employee contributions	$	110	$	132
Benefits paid	$	97	$	299

The accrued benefit liability has been recorded on the Utility's books of account and is included in accounts payable on the balance sheet.

Employees joining after January 1, 2002 are not eligible to participate in the defined benefit plan. The Utility makes contributions to a Registered Retirement Savings Plan ("RRSP") on behalf of these employees and to employees hired before January 1, 2002 who belonged to the defined benefit plan and elected to opt out of that plan. The RRSP is a defined contribution plan. The costs recognized for the period is equal to the Utility's contribution to the plan. In 2005 these were $122,000 (2004 - $105,000).

Total cash payments for employee future benefits for 2005, consisting of cash contributed by the Utility to its funded defined benefit pension plan and cash contributed directly to the RRSP were $428,000 (2004 - $425,000).

As at December 31, 2005, the Utility's defined pension plan had 40 members (2004 - 41) and the RRSP had 33 members (2004 - 34).

21. Contingencies

Mayo to Dawson City transmission line project

The Utility completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, the Utility and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis. To date, no legal action has commenced.

21. Contingencies - continued

Mayo to Dawson City transmission line project - continued

In April 2005, the contractor provided the Utility with some additional information. Management is reviewing this information and anticipates further documentation will be required before claims can be fully assessed. Once the documentation stage is complete, the parties will meet to select an appropriate legal process to resolve the outstanding issues. To date, the Utility has not received sufficient information to assess the Utility's exposure.

Federal Transfer Agreement

Most of the assets of the Utility were purchased under a March 31, 1987 Agreement of Purchase and Sale between the Government of Canada ("Canada"), Yukon Energy Corporation, the Government of Yukon ("YTG") and Northern Canada Power Commission ("NCPC") (the "Transfer Agreement"). There are several claims that the Utility has against Canada under the Transfer Agreement. The various claims are described below:

Yukon Energy Corporation claims against Canada

(i) Claim against Canada arising from requirement to obtain a fish authorization in relation to the Aishihik Facility

In January 2004, the Utility filed a Writ of Summons against Canada for damages caused by a breach of the Transfer Agreement arising from Canada's notification of the Utility in May, 1999 that the Aishihik Facility required an authorization under the Fisheries Act. The Utility alleges the requirement for a fish authorization was contrary to Canada's representations and warranties under the Transfer Agreement. More particularly it alleges it reasonably relied on warranties and representations given by Canada under the Transfer Agreement to the effect that the Utility had all authorizations necessary for the generation of electricity from the Aishihik Facility. As a result, the Utility incurred significant costs and expenses in negotiating and obtaining a Fisheries Act authorization for the Aishihik Facility and further, its ability to use the Aishihik Facility has been restricted by the terms of the authorization. It is expected that a legal process will be initiated in 2006, resulting in damages being awarded to the Utility, which can not be reasonably estimated at this time.

(ii) Soil contamination at the Whitehorse Facility

The Utility has notified Canada of a claim it has for indemnification for expenditures it incurred on site restoration at the Whitehorse Rapids Dam site for hydrocarbon contamination caused by a diesel fuel spill which occurred when Canada owned the facility. This contamination was discovered in 1999 and was rectified in 2000. In addition, further testing in 2004 revealed one additional area of contamination caused during Canada's ownership of the site. The Utility's claim of approximately $260,000 for indemnification arises under the Transfer Agreement. It is expected that this matter will be resolved in 2006.

22. Commitments

Aishihik Water License

The Yukon Territory Water Board issued a water use license in 2002, valid until December 31, 2019, for the Utility's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this license commits the Utility to meet a number of future requirements including:

- annual payments of $25,000 until 2011 for the purpose of construction and maintenance of a heritage camp and delivery of programs at the camp;
- a Heritage Mitigation Plan. The Utility spent approximately $35,000 in 2005 on heritage projects, expects to spend up to $50,000 in 2006 and $30,000 in 2007 on heritage projects, and the balance which has not yet been determined in the future; and
- annual fish monitoring programs.

22. Commitments

Aishihik Water License - continued
Fish monitoring programs are also required under an authorization provided by Canada Department of Fisheries and Oceans valid until December 31, 2019. The costs of meeting these requirements are accounted for as water license costs in the year they are paid.

Mayo – Dawson Apprenticeship Benefits Agreement
Under this agreement, the Utility is obligated to annual payments of $15,000, adjusted by the percentage change in the Canadian consumer price index, to both The Tr'ondek Hwech'in and the First Nation of Nacho Nyak Dun. The agreement came into effect July 1, 2004 and expires June 30, 2024. The costs of meeting these requirements are expensed to Administration in the year to which they relate.

Mayo – Dawson Transmission Line Option Agreement
The Utility has provided an option to two Yukon First nations to acquire up to a $14,470,000 "indirect interest" in the Mayo-Dawson transmission line system project. The option agreement provides for issuance by the Utility of a long-term debt instrument repayable over forty years, bearing interest equal to the Utility's blended cost of capital of capital, including a component limited to the Utility's realized return on equity. The option expires on January 4, 2007. The option has not been exercised to date.

Funding of Energy Solutions Centre Programs
As part of the transfer of operations of the Canada Yukon Energy Solutions Centre to the Department of Energy, Mines and Resources, Yukon Development Corporation has agreed to provide funding of $400,000 per calendar year for 2006 and 2007 to be used for delivery of Energy Solutions Centre programs.

Rate Stabilization Fund
On March 30, 2005, the Yukon Government announced the continuation of the Rate Stabilization Fund from April 1, 2005 until 2007 with the Yukon Development Corporation required by OIC 2005/49 to contribute up to $5,000,000 of internally generated funds before April 1, 2007. At December 31, 2005, Yukon Development Corporation had contributed $2,960,018.

23. Environmental liabilities

Yukon Energy Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Utility conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. Liabilities will be recorded when the occurrence of an environmental expenditure, related to present or past activities of the Utility, is considered probable and the costs can be reasonably estimated. To date, no such specific liabilities have been recorded in the Utility's accounts.

24. Risk management and financial instruments

The fair value of cash and cash equivalents, accounts receivable, restricted cash, diesel contingency fund, accounts payable approximate the carrying amount of these instruments due to the short period to maturity. The fair value of long-term debt and of interest rate swap agreements are described in notes 16 and 17 respectively. The Utility also has access to a $10 million line of credit. The renewal date on the line of credit is October 31, 2009. The account accrues interest on withdrawals at prime rate. The facility was not drawn on at year end.

24. Risk management and financial instruments - continued

The Utility is not exposed to significant interest rate risk due to its long-term debt having fixed interest rates. The Utility's credit risk is minimal in that its primary customer is a regulated utility.

25. Non-consolidated financial information

The nature and size of operations of the Corporation and its subsidiaries, Yukon Energy Corporation and Energy Solutions Centre Inc., differ substantially. Audited financial statements of Yukon Energy Corporation and Energy Solutions Centre Inc. for the year ended December 31, 2005 are also prepared. The audited financial statements for the Energy Solutions Centre are included in Yukon Development Corporation's annual report.

26. Comparative figures

Certain 2004 figures, which are presented for comparative purposes, have been reclassified to conform with the current year's presentation.

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YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2006

(audited)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The financial statements as at March 31, 2006, which include amounts based on management's best estimates as determined through experience and judgement, are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and her report is included in this report.

Marc Tremblay
President

Temes Cherinet
Director, Shared Services, Finance, Systems & Admin

July 6, 2006

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have audited the balance sheet of the Yukon Liquor Corporation as at March 31, 2006 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Liquor Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Liquor Act* and regulations, the *Liquor Tax Act*, the *Financial Administration Act* and regulations and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Vancouver, Canada
July 6, 2006

YUKON LIQUOR CORPORATION
BALANCE SHEET
as at March 31

ASSETS

	2006	2005
	(in thousands)	
Current		
Cash	$ 664	$ 750
Accounts receivable (Note 3)	59	37
Remitted in advance to the Government of the Yukon (Note 7a)	-	1 115
Inventories	2 327	1 687
	3 050	3 589
Property, plant and equipment (Note 4)	2 374	2 364
	$ 5 424	$ 5 953

LIABILITIES & EQUITY

	2006	2005
Current		
Accounts payable and accrued liabilities (Note 3)	$ 1 186	$ 1 282
Due to the Government of the Yukon (Note 5)	1 183	1 649
Deferred revenue	89	91
	2 458	3 022
Non-pension benefit liability (Note 8)	592	567
	3 050	3 589
Equity (Note 6)	2 374	2 364
	$ 5 424	$ 5 953

Commitments (Note 9)

The accompanying notes are an integral part of the financial statements.

Approved by Management:

President

Director, Shared Services, Finance, Systems & Admin

YUKON LIQUOR CORPORATION
STATEMENT OF INCOME
for the year ended March 31

	2006	2005
	(in thousands)	
Sales		
Beer	$ 12 334	$ 12 073
Spirits	7 038	6 723
Wine	3 817	3 419
	23 189	22 215
Cost of goods sold	11 818	11 128
Gross profit	11 371	11 087
Expenses		
Salaries and benefits	3 493	3 179
Shared corporate services costs	906	825
Rent, utililties and maintenance	889	781
Amortization	349	327
Bank expenses	226	219
Travel and communications	196	153
General and office supplies	115	148
Professional services	78	191
Board expenses	18	31
Miscellaneous	12	31
	6 282	5 885
Operating income	5 089	5 202
Other income		
Fees, permits and licences	109	119
Miscellaneous	20	21
	129	140
Net Income	$ 5 218	$ 5 342

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
STATEMENT OF CASH FLOWS
for the year ended March 31

	2006	2005
	(in thousands)	
Cash provided by (used in):		
Operating activities		
Net income for the year	$ 5 218	$ 5 342
Adjustment for non-cash items:		
Amortization of property, plant and equipment	349	327
(Increase) decrease in accounts receivable	(22)	19
(Increase) decrease in inventories	(640)	310
(Decrease) increase in due to the Government of the Yukon	(466)	470
(Decrease) in remitted in advance to the Government of the Yuko	(92)	-
Decrease in accounts payable and accrued liabilities	(96)	(451)
Decrease in deferred revenue	(2)	(6)
Increase in non-pension benefit liability	25	14
	4 274	6 025
Investing activities:		
Disposal of land	66	-
Acquisition of property, plant and equipment	(425)	(78)
	(359)	(78)
Financing activities:		
Remittance of income to the Government of the Yukon	(4 001)	(6 558)
Decrease in cash during the year	(86)	(611)
Cash at the beginning of the year	750	1 361
Cash at the end of the year	$ 664	$ 750

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2006

1. Authority and Operations

The Corporation, established in 1977, under the *Liquor Act*, is responsible for the purchase, distribution and sale of liquor within the Territory. It is responsible for controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Act*.

In accordance with the *Liquor Act*, the net income for the year, before amortization, less amounts expended on property, plant and equipment, is remitted to the Government of the Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of the Yukon and to remit these taxes on a monthly basis. The current rate is 12%, and is applied to all selling prices.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

The employees of the Corporation are paid by the Government of the Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Inventories

Inventories are comprised of alcoholic beverages for resale and are valued at the lower of landed cost at Whitehorse, or market.

Amortization

Amortization of property, plant and equipment owned by the Corporation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Furniture and office equipment	5 years
Equipment	5 years
Systems equipment and software	5 years
Leasehold improvements	4 years or remaining term of lease

Employee future benefits

Non-pension benefits

Under the conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The key assumptions used were a liability discount rate of 5.75% and an annual rate of general salary escalation of 3.0% on January 1, 2006 and 2.5% per annum thereafter. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time

2. Accounting Policies (continued)

to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are expensed during the year in which the services are rendered. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Services provided without charge
The Corporation does not record the value of services it receives or provides without charge. These services include the following:

- services, primarily accommodation, provided by the Government of the Yukon;
- services provided by the Corporation to the Government in its capacity of Territorial Agent in localities outside of Whitehorse; and
- annual audit provided by the Office of the Auditor General of Canada.

Use of estimates
The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. This mainly affects the non-pension benefit liability. Actual results could differ materially from these estimates.

3. Fair Values of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities and the amount due to the Government of the Yukon are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

4. Property, Plant and Equipment

Property, plant and equipment purchased by the Corporation after March 31, 1990 are as follows:

	2006			2005
	Cost	Accumulated Amortization	Net book Value	Net book Value
		(in thousands)		
Land	$ 202	$ -	$ 202	$ 268
Buildings	4,790	3,190	1,600	1,800
Furniture and office equipment	92	78	14	21
Equipment	359	332	27	44
Systems equipment and software	570	176	394	54
Leasehold improvements	357	220	137	177
	$ 6,370	$ 3,996	$ 2,374	$ 2,364

5. Due to the Government of the Yukon

	2006	2005
	(in thousands)	
Reimbursements due for salaries to employees, shared services costs, and other costs paid on behalf of the Corporation	385	1,506
Adjusted net income (Note 7a)	92	-
Liquor tax (Note 7b)	23	190
Net remittances due (remitted in advance) to the Recycling Fund	683	(47)
Net due at the end of the year	$ 1,183	$ 1,649

6. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, $2,374,000 (2005 - $2,364,000) which the Government of the Yukon has provided to the Yukon Liquor Corporation on a cumulative basis.

7. Related party transactions

a) Adjusted Net Income

Calculation of adjusted net income due to the Government of the Yukon for the year (Note 1):

	2006	2005
	(in thousands)	
Balance due (remitted in advance) at the beginning of the year	$ (1,115)	$ (148)
Net income	5,218	5,342
Capital expenditures	(425)	(78)
Property, plant and equipment amortization	349	327
Disposal of land	66	-
Adjusted net income due to the Government of the Yukon	5,208	5,591
Less: remitted during the year	(4,001)	(6,558)
Balance due (remitted in advance) at the end of the year	$ 92	$ (1,115)

b) Liquor tax

Liquor tax collected and due to the Government of the Yukon for the year (Note 1):

	2006	2005
	(in thousands)	
Balance due at the beginning of the year	$ 190	$ 180
Liquor tax collected during the year	2,783	2,666
Less: remitted during the year	(2,950)	(2,656)
Balance due at the end of the year	$ 23	$ 190

7. Related party transactions (continued)

c) **Other transactions**
The value of services provided without charge by the Government of the Yukon to the Corporation is estimated to be $551,000 (2005 - $470,000). The value of services provided without charge by the Corporation to the Government is estimated to be $443,000 (2005 - $417,000). These transactions were not included in the financial statements of the Corporation.

d) **Shared services costs**
The Corporation is part of a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. The amount charged by the Government of the Yukon to the Corporation for shared services for the year was $905,869 (2005 - $825,357). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Employee future benefits

Pension Plan

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

	2006	2005
	(in thousands)	
Corporation's Contributions	$240	$218
Employees' Contributions	117	102

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan, measured as at the balance sheet date, is as follows:

	2006	2005
	(in thousands)	
Accrued benefit obligation, beginning of year	$691	$674
Cost for the year	121	74
Benefits paid during the year	(114)	(57)
Accrued benefit obligation, end of year	$698	$691
Short-term portion	$106	$124
Long-term portion	592	567
	$698	$691

9. Commitments

The Corporation has the following commitments for annual rentals of leased premises:

Fiscal	Whitehorse Store	Other Retail Stores
2007	211,865	134,727
2008	213,660	117,533
2009	213,660	-
2010	213,660	-
2011	213,660	-

10. Reclassification of Comparative Figures

Certain 2005 comparative figures have been reclassified to conform to the presentation of the 2006 financial statements.

YUKON GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

December 31, 2005

(audited)

CHARTERED
ACCOUNTANTS

MacKay LLP

mackay.ca

Auditors' Report

To the Directors of
Yukon Government Fund Limited

We have audited the balance sheet of Yukon Government Fund Limited as at December 31, 2005 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Mackay LLP

Chartered Accountants

Whitehorse, Canada

April 5, 2006

Yukon Government Fund Limited

Balance Sheet

December 31,	2005	2004
Assets		
Current		
Cash	$ 4,135,303	$ 2,157,737
Interest receivable (note 4)	55,005	77,107
Current portion of due from 19596 Yukon Inc. (note 4)	5,775,000	3,500,000
	9,965,308	5,734,844
Restricted cash (note 3)	-	3,000,000
Due from 19596 Yukon Inc. (note 4)	1,225,000	7,000,000
Deferred distribution fees (note 5)	28,000	188,000
	$ 11,218,308	$ 15,922,844
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 12,556	$ 6,150
Current portion of due to investors (note 7)	7,750,000	5,000,000
	7,762,556	5,006,150
Due to the Government of the Yukon (notes 5 and 6)	116,054	116,054
Due to investors (note 7)	2,250,000	10,000,000
	10,128,610	15,122,204
Shareholder's Equity		
Share capital (note 8)	100	100
Retained earnings	1,089,598	800,540
	1,089,698	800,640
	$ 11,218,308	$ 15,922,844

Approved by the board:

_______________ Director   D. Cooley _______________ Director

Yukon Government Fund Limited

Statement of Operations and Retained Earnings

For the year ended December 31,	2005	2004
Revenue	**$ 791,348**	$ 893,228
Expenses		
Amortization of deferred costs and distribution fees (note 5)	**160,000**	240,000
Bank charges and interest	**-**	25
Interest paid to investors	**257,260**	300,000
Professional fees	**7,852**	4,884
Reporting fees	**77,178**	90,247
	502,290	635,156
Net income	**289,058**	258,072
Retained earnings, beginning of year	**800,540**	542,468
Retained earnings, end of year	**$ 1,089,598**	$ 800,540

Yukon Government Fund Limited

Statement of Cash Flows

For the year ended December 31,	2005	2004
Cash provided by (used for)		
Operating activities		
Net income	$ 289,058	$ 258,072
Item not affecting cash		
Amortization of deferred costs and distribution fees (note 5)	160,000	240,000
	449,058	498,072
Changes in non-cash working capital items		
Interest receivable	22,102	(571)
Accounts payable and accrued liabilities	6,406	(7,394)
	477,566	490,107
Financing activity		
Decrease in due to investors	(5,000,000)	-
Investing activity		
Decrease in due from 19596 Yukon Inc.	3,500,000	-
Increase (decrease) in cash	(1,022,434)	490,107
Cash, beginning of year	5,157,737	4,667,630
Cash, end of year	$ 4,135,303	$ 5,157,737
Cash consists of:		
Cash	$ 4,135,303	$ 2,157,737
Restricted cash	-	3,000,000
	$ 4,135,303	$ 5,157,737

1. Nature of operations

Yukon Government Fund Limited ("The Company") is incorporated under the Business Corporations Act (Yukon). The Company is wholly owned by the Government of the Yukon ("the Government").

The Company is a Government administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended ("the Regulations"). Under the Regulations, the purpose of the Company is to invest in the active business operations of at least two eligible businesses.

The Company provides loan and equity capital to establish, expand, purchase, maintain or revitalize business or commercial ventures in the Yukon Territory which comply with the Regulations and are of significant economic benefit to the Yukon Territory, including creation or continuation of employment opportunities for Canadian citizens or permanent residents other than the investor and his/her dependents.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Income taxes

The Company is wholly owned by the Yukon Government and is therefore exempt from income taxes.

(b) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

3. Restricted cash

The terms of the confidential offering memorandum requires that 20% of the subscription proceeds be placed in an account to be used to repay investors who may ultimately be rejected for issuance of an immigrant visa.

	2005	2004
Restricted cash	**$** -	$ 3,000,000

4. Due from 19596 yukon inc.

Interest receivable of $ 44,213 (2004 - $66,319) is payable by 19596 Yukon Ltd., a company with significant common influence. During the year, the company recorded interest revenue of $681,257 (2004 - $795,827) from 19596 Yukon Inc. At December 31, 2005, 19596 Yukon Ltd. owed $7,000,000 (2004 - $10,500,000) to the Company.

	2005	2004
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing May 1, 2005. Secured by promissory note.	**$ -**	$ 1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing October 20, 2005. Secured by promissory note.	**-**	1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing January 22, 2006. Secured by promissory note.	**1,750,000**	1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing May 18, 2006. Secured by promissory note.	**1,925,000**	1,925,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing July 20, 2006. Secured by promissory note.	**1,575,000**	1,575,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing September 21, 2006. Secured by promissory note.	**525,000**	525,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receviable monthly. Receivable 60 months after advance, maturing January 10, 2007. Secured by promissory note.	**1,225,000**	1,225,000
	7,000,000	10,500,000
Less current portion	**5,775,000**	3,500,000
	$ 1,225,000	$ 7,000,000

Estimated principal repayments are as follows:

2006	$ 5,775,000
2007	1,225,000
	$ 7,000,000

5. Deferred distribution fees

Legal fees and other expenditures related to the incorporation and issuance of the Confidential Offering Memorandum have been deferred and have been amortized over 5 years, the initial term of the investments. The Government has advanced funds to cover these expenses. A portion of the proceeds of the offering will be used to repay the Government. Distribution fees of 8% of the subscription proceeds have been deferred and amortized over the terms of the investments (5 years).

			2005	2004
	Cost	Accumulated Amortization	Net book value	Net book value
Deferred distribution fees	$ 1,200,000	$ 1,172,000	$ 28,000	$ 188,000
Deferred costs	118,220	118,220	-	-
	$ 1,318,220	$ 1,290,220	$ 28,000	$ 188,000

6. Due to the Government of the Yukon

The amount due to the shareholder is unsecured, bears no interest and is due on demand. Since the shareholder has indicated that it is not their intention to request payment of this amount during the next fiscal year, this amount has been classified as a non-current liability in the accompanying financial statements. Fair value cannot be readily determined.

	2005	2004
Due to the Government of the Yukon	$ 116,054	$ 116,054

7. Due to investors

	2005	2004
Term loans from ten individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing May 5, 2005.	$ -	$ 2,500,000
Term loans from ten individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing October 20, 2005.	-	2,500,000
Term loans from nine individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing January 17, 2006.	**2,250,000**	2,250,000
Term loans from ten individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing May 14, 2006.	**2,500,000**	2,500,000
Term loans from nine individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing July 18, 2006.	**2,250,000**	2,250,000
Term loans from three individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing September 21, 2006.	**750,000**	750,000
Term loans from seven individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing January 10, 2007.	**1,750,000**	1,750,000
Term loans from one individual investor ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing July 30, 2007.	**250,000**	250,000
Term loans from one individual investor ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing July 15, 2008.	**250,000**	250,000
	10,000,000	15,000,000
Less current portion	**7,750,000**	5,000,000
	$ 2,250,000	$ 10,000,000

Estimated principal repayments are as follows:

2006	$ 7,750,000
2007	2,000,000
2008	250,000
	$ 10,000,000

8. Share capital

		2005		2004
Authorized Unlimited number of shares without nominal or par value				
Issued 100 common shares	$	**100**	$	100

No dividends, share repurchases or return of capital shall be paid at any time when the Company has outstanding debt obligations to investors. Subject to this restriction, the holders of shares shall have all the rights of a shareholder under the Business Corporations Act, including the right to vote. No shares shall be transferred without the prior consent of the Government.

9. Offering Memorandum

On January 4, 1999 the Company finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration, Canada, Government of Canada. The maximum and mnimum amounts of the offering were $30,000,000 (120 units) and $3,000,000 (12 units) respectively.The Company has committed to use the proceeds of the offering to invest in eligible businesses in the Yukon. The offering expired on March 31, 1999.

Proceeds from the sale of units will be held in trust by the escrow agent until a closing and may be released from escrow providing certain conditions are met.

The balance held in escrow as at December 31, 2005 is $90,705 (2004 - $164,077).

10. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

19596 YUKON INC.

FINANCIAL STATEMENTS

December 31, 2005

(unaudited)

CHARTERED ACCOUNTANTS

MacKay LLP

Review Engagement Report

To the Directors of
19596 Yukon Inc.

We have reviewed the balance sheet of 19596 Yukon Inc. as at December 31, 2005 and the statements of operations, retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Whitehorse, Canada

April 12, 2006

MacKay LLP

Chartered Accountants

19596 Yukon Inc.

Balance Sheet
(Unaudited - see Review Engagement Report)

December 31,	2005	2004
Assets		
Current		
Cash and short term investments	$ 942	$ 1,067
Accounts receivable	135,830	163,508
Restricted cash (notes 3 and 9)	5,954,403	-
	6,091,178	164,575
Restricted cash (notes 3 and 9)	1,225,000	4,720,999
Property and equipment (note 4)	1,243	5,865,366
	$ 7,317,418	$ 10,750,940
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 47,411	$ 105,634
Income taxes payable	22,575	-
Advances from shareholder	-	17,655
Current portion of Due to Yukon Government Fund Limited (note 5)	5,775,000	3,500,000
	5,844,986	3,623,289
Due to Yukon Government Fund Limited (note 5)	1,225,000	7,000,000
	7,069,986	10,623,289
Shareholders' Equity		
Share capital (note 6)	200	200
Retained earnings	247,232	127,451
	247,432	127,651
	$ 7,317,418	$ 10,750,940

Approved by the board:

_______________ Director

_______________ Director

_______________ Director

19596 Yukon Inc.

Statement of Operations
(Unaudited - see Review Engagement Report)

For the year ended December 31,	**2005**	2004
Revenue		
Interest income	**$ 212,859**	$ 85,948
Leasing income (note 8)	**425,000**	1,700,000
	637,859	1,785,948
Expenses		
Amortization	**376**	954,957
Interest and bank charges	**125**	45
Interest on long-term debt (note 8)	**681,257**	795,827
Management fees (note 8)	**15,000**	27,014
Meals and entertainment	**64**	-
Professional fees	**34,935**	17,231
	731,757	1,795,074
Loss before other item and income taxes	**(93,898)**	(9,126)
Other income		
Gain on sale of property and equipment	**236,254**	-
Income (loss) before income taxes	**142,356**	(9,126)
Income taxes	**22,575**	-
Net income (loss)	**$ 119,781**	$ (9,126)

19596 Yukon Inc.

Statement of Retained Earnings
(Unaudited - see Review Engagement Report)

For the year ended December 31,		2005		2004
Retained earnings, beginning of year	$	127,451	$	136,577
Net income (loss)		119,781		(9,126)
Retained earnings, end of year	$	247,232	$	127,451

19596 Yukon Inc.

Statement of Cash Flows
(Unaudited - see Review Engagement Report)

For the year ended December 31,	2005	2004
Cash provided by (used for)		
Operating activities		
Net income (loss)	$ 119,781	$ (9,126)
Items not affecting cash		
Amortization	376	954,957
Gain on sale of property and equipment	(236,254)	-
	(116,097)	945,831
Changes in non-cash working capital items		
Accounts receivable	27,678	(9,925)
Accounts payable and accrued liabilities	(58,222)	6,420
Income taxes	22,575	83,516
	(124,066)	1,025,842
Financing activities		
Advances from related party	(3,500,000)	-
Advances from (to) shareholder	(17,655)	-
	(3,517,655)	-
Investing activity		
Proceeds on disposal of property and equipment	6,100,000	-
Increase in cash	2,458,279	1,025,842
Cash, beginning of year	4,722,066	3,696,224
Cash, end of year	$ 7,180,345	$ 4,722,066
Cash consists of:		
Cash and short term investments	$ 942	$ 1,067
Restricted cash	7,179,403	4,720,999
	$ 7,180,345	$ 4,722,066

19596 Yukon Inc.

Notes to the Financial Statements
(Unaudited - see Review Engagement Report)

December 31, 2005

1. Nature of operations

19596 Yukon Inc. is incorporated under the laws of the Yukon Territory and its major activity is the leasing of communications equipment.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Property and equipment

Property and equipment are recorded at original cost plus any costs of betterment less accumulated amortization and excludes any assets not in current use. Amortization is calculated by the declining balance method at the annual rates set out in note 4.

(b) Income taxes

The company accounts for income taxes using the future income tax method.

(c) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

(d) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Restricted cash

Restricted cash represents equipment lease funds deposited into a trust account with HSBC Bank Canada. These funds are to be used to pay amounts owing to Yukon Government Fund Limited, to pay GST to the appropriate government agency, and audit, legal and other fees incurred by 19596 Yukon Inc. in connection with the transactions contemplated by the loan agreement with Yukon Government Fund Limited, the equipment lease and the procurement agreement.

4. Property and equipment

	Rate	Cost	Accumulated Amortization	2005 Net book value	2004 Net book value
Office furniture	20%	$ **2,971**	$ **2,095**	$ **876**	$ 1,095
Computer equipment	30%	**2,568**	**2,201**	**367**	524
Structures & improvements	4%	-	-	-	1,415,378
Roads	8%	-	-	-	132,445
Fiber cable	12%	-	-	-	1,889,483
Routers	20%	-	-	-	110,325
Satellite	20%	-	-	-	499,781
Equipment	20%	-	-	-	1,003,107
Communication equipment	30%	-	-	-	813,228
		$ **5,539**	$ **4,296**	$ **1,243**	$ 5,865,366

5. Due to Yukon Government Fund Limited

	2005	2004
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 1, 2005. Secured by promissory note and a security agreement over equipment.	$ -	$ 1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing October 20, 2005. Secured by promissory note and a security agreement over equipment.	-	1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing June 22, 2006. Secured by promissory note and a security agreement over equipment.	**1,750,000**	1,750,000
Carry Forward	$ **1,750,000**	$ 5,250,000

5. Due to Government Fund Limited- continued

Balance forward	**$ 1,750,000**	$ 5,250,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 18, 2006. Secured by promissory note and a security agreement over equipment.	**1,925,000**	1,925,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing July 20, 2006. Secured by promissory note and a security agreement over equipment.	**1,575,000**	1,575,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing September 20, 2006. Secured by promissory note and a security agreement over equipment.	**525,000**	525,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing January 10, 2007. Secured by promissory note and a security agreement over equipment.	**1,225,000**	1,225,000
	7,000,000	10,500,000
Less current portion	**5,775,000**	3,500,000
	$ 1,225,000	$ 7,000,000

Estimated principal repayments are as follows:

2006	$ 5,775,000
2007	1,225,000
	$ 7,000,000

6. Share capital

	2005	2004
Authorized Unlimited number of shares without nominal or par value		
Issued 200 common shares	$ **200**	$ 200

7. Refundable dividend taxes on hand

The company has refundable dividend taxes of $35,165 which have been charged to retained earnings and will be refunded to the company at the rate of $1 for every $3 of taxable dividends paid.

8. Related party transactions

The company paid management fees totalling $15,000 (2004 - $27,014) to one shareholder ((2004 - two shareholders) and interest on loans of $681,257 (2004 - $795,827) to a company with signficant common influence. In addition, the company received lease revenue of $425,000 (2004 - $1,700,000) from a shareholder.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2005

(audited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2005, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

Members of the Board of Directors (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the Compensation Fund.

Valerie Royle

Valerie Royle, BComm (Hons), MBA
President and Chief Executive Officer

Jim Stephens, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 28, 2006

ACTUARIAL CERTIFICATION

To the Members of the Yukon Workers' Compensation, Health and Safety Board

We have completed an actuarial valuation as at December 31, 2005 of the benefits liability payable in the future for insured employers under the *Yukon Workers' Compensation Act*, in respect to claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the data is sufficient and reliable for the purposes of this valuation.

The actuarial valuation of the benefits liability of $105,195,000 represents the actuarial present value at December 31, 2005 of all expected payments which will be made in future years and in respect of all claims occurring on or before December 31, 2005.

The valuation was based on the provisions of the *Yukon Workers' Compensation Act* in effect as of December 31, 2005. The net interest rates used to discount future claim payments make implicit provision for future increases in payment levels. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes provision for future expenses relating to the administration of existing claims. Payments made by the board on a self-insured basis are excluded from the valuation of the benefits liability.

The actuarial assumptions and methods employed in the valuation represent an estimate of the board's future obligations based on the provisions of the *Yukon Workers' Compensation Act* at the valuation date, the board's current practices and administration procedures and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are, in aggregate, appropriate and the methods employed are consistent with sound actuarial principles.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

Respectfully submitted
Hewitt Associates

Peter Muirhead, F.C.I.A.
Fellow, Canadian Institute of Actuaries

AUDITOR'S REPORT

Auditor General of Canada
Vérificatrice générale du Canada

To the Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2005 and the statements of operations and other comprehensive income and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith. In addition, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
April 28, 2006

Compensation Fund
Balance Sheet
As at December 31

	2005 ($000s)	2004 ($000s)
ASSETS		
Current assets		
Accounts receivable (note 3)	$ 1,516	$ 2,162
Investments (note 4)	134,426	131,677
	135,942	133,839
Property and equipment (note 5)	4,272	3,942
	$ 140,214	$ 137,781
LIABILITIES AND RESERVES		
Current liabilities		
Bank overdraft (note 9)	$ 2,510	$ 1,327
Accounts payable and accrued liabilities (note 3)	3,096	3,054
	5,606	4,381
Benefits liability (note 6)	105,195	96,793
Accrued employee benefits (note 8)	1,238	996
Total liabilities	112,039	102,170
Reserves (note 7)	28,175	35,611
	$ 140,214	$ 137,781

Commitments and Contingencies (notes 10 and 12)

The accompanying notes are an integral part of these financial statements.

Approved by the Yukon Workers' Compensation Health and Safety Board

Craig Tuton
Chair

Compensation Fund
Statement of Operations and Other Comprehensive Income and Reserves
For the year ended December 31

	2005 ($000s)	2004 ($000s)
Revenue		
Assessments (note 9)	$ 11,688	$ 9,680
Investment (note 4)	9,692	8,829
Recoveries and other receipts (note 9)	1,010	1,445
	22,390	19,954
Expenses		
Claims expenses (note 6)	21,253	19,543
Administration and prevention (note 11)		
Administration	6,718	5,089
Occupational health and safety	961	923
Workers' Advocate	358	342
Contractor Safety Association	265	174
Appeal Tribunal	181	171
Act Review	69	129
Employer Consultant	16	111
Federation of Labour	5	11
Congress 2004	-	277
	29,826	26,770
Operating deficit for the year	(7,436)	(6,816)
Other comprehensive income	-	-
Operating deficit for the year and Other comprehensive income	(7,436)	(6,816)
Reserves, beginning of the year	35,611	42,427
Reserves, end of the year (note 7)	$ 28,175	$ 35,611

The accompanying notes are an integral part of these financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	2005 ($000s)	2004 ($000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	$ 11,901	$ 9,350
Recoveries and other receipts	1,658	850
Investment revenue	6,062	4,874
	19,621	15,074
Cash paid to:		
Claimants or third parties on their behalf	(12,851)	(12,424)
Employees, for salaries and benefits	(5,864)	(4,989)
Suppliers, for administrative and other goods and services	(2,340)	(1,914)
	(21,055)	(19,327)
Cash used in operating activities	(1,434)	(4,253)
Cash flows from investing activities		
Sales and maturities of investments	140,600	111,565
Proceeds on disposal of property and equipment	-	1
Purchases of investments	(139,725)	(107,391)
Purchases of property and equipment	(624)	(316)
Cash provided by investing activities	251	3,859
Net decrease in cash	(1,183)	(394)
Bank overdraft, beginning of year	(1,327)	(933)
Bank overdraft, end of year	$ (2,510)	$ (1,327)

The accompanying notes are an integral part of these financial statements.

Compensation Fund
Notes to the Financial Statements
December 31, 2005

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

(a) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period (note 12).

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

> Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.
>
> The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
>
> The annuity liability is for workers who have received compensation for the same disability for at least 24 months. Ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

2. Significant Accounting Policies (continued)

(b) Investments

Pursuant to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, the board has elected to designate all investments as held for trading. Consequently, investments are recorded at fair value. The fair value of publicly traded investments is quoted market prices. Purchases and sales of investments are recognized on the trade date.

Realized gains and losses, arising on the sale of investments, are recognized in investment income in the period earned. Unrealized gains and losses, arising from fluctuations in fair value, are recognized in investment income in the period in which they arise. Investment income arising from dividends and interest is recognized in the period earned. Investment income is presented net of investment expenses.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in investment income in the period in which they arise.

In adopting the standard for financial instruments the board is required to adopt CICA Handbook Section 3865, *Hedges*. These standards do not have an impact on the financial statements because the board does not engage in the types of transactions addressed by these sections.

(c) Assessments

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification. An allowance for doubtful accounts is provided for assessments receivable based on management's best estimate.

The board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (note 9).

(d) Third party subrogated claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

(e) Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer systems and equipment	3 to 7 years

(f) Employee future benefits

Pension Benefits
Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Fund's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Fund and are expensed during the year in which the services are rendered. The Fund is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Other Benefits
Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation is determined on an actuarial basis. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The remainder is calculated assuming all employees receive the benefits on the valuation date.

(g) Use of Estimates

The preparation of the financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. This mainly affects claims expenses, benefits liability, accrued employee benefits and the reserves. Actual results could differ materially from these estimates.

3. Accounts Receivable and Accounts Payable and accrued liabilities

	2005 ($000s)	2004 ($000s)
Receivable		
Assessments	$ 1,069	$ 1,067
Government of Yukon (note 9)	396	948
Other receivables	51	147
	$ 1,516	$ 2,162
Payable		
Assessments	$ 567	$ 358
Government of Yukon (note 9)	1,459	1,332
Other payables and accrued liabilities	1,070	1,364
	$ 3,096	$ 3,054

The carrying value of accounts receivable, bank overdraft, and accounts payable and accrued liabilities approximates their fair value given their short term to maturity.

4. Investments and Investment Revenue

The Board of Directors has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

	2005 ($000s)		2004 ($000s)	
(a) Portfolio Investments	Fair Value	Rate of Return	Fair Value	Rate of Return
Fixed-term securities				
Federal Bonds	$ 28,860		$ 20,885	
Provincial Bonds	8,195		14,580	
Corporate Bonds	23,936		26,537	
Municipal Bonds	-		742	
	60,991	5.6%	62,744	6.7%
Equities				
Canadian	22,385	26.3%	21,018	16.2%
United States	24,069	0.5%	22,673	0.7%
International	24,570	6.0%	21,102	7.9%
	71,024		64,793	
Other Investments				
Cash on account	95		622	
Treasury Bills (1)	1,752		2,939	
Accrued interest receivable	686		664	
	2,533		4,225	
Investments, sub-total	134,548		131,762	
Management fee accrual	(122)		(85)	
	$ 134,426	8.0%	$ 131,677	7.2%

(1) Treasury Bills earn interest at rates ranging from 0.803% to 1.027% (2004 – 0.448% to 0.679%) and mature within 90 days.

(b) Investment Revenue	**2005** ($000s)	**2004** ($000s)
Dividends and interest		
Fixed-term	$ 3,249	$ 3,541
Equity	3,205	1,469
	6,454	5,010
Gains and losses		
Realized gains in the year	1,909	1,072
Change in fair value in the year	1,758	3,213
	10,121	9,295
Investment management fees	(429)	(466)
	$ 9,692	$ 8,829

(c) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. To manage this risk the board determined that short-term investments must have a credit rating of at least R1, and long-term investments require a rating of A or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

(d) Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. The board does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. The fair value of the Fund's US dollar investments as at December 31, 2005 was $36,510,171 (2004 - $22,550,830). The Fund did not hold any investments in other foreign currencies at December 31, 2005 (2004 - nil).

(e) Interest Rate Risk Management

Fluctuations in interest rates can impact the fair value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

The fixed-term investments, at fair value, in thousands of dollars, mature as follows:

1 to 5 years	effective yield of 4.38%	$ 21,255	35%
6 to 10 years	effective yield of 5.62%	22,050	36%
greater than 10 years	effective yield of 4.70%	17,686	29%
		$ 60,991	100%

5. Property and Equipment

	2005 ($000s)			2004 ($000s)
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Land	$ 390	$ -	$ 390	$ 390
Buildings	3,280	(1,088)	2,192	2,262
Furniture and equipment	582	(483)	99	93
Computer systems and equipment (1)	2,334	(1,896)	438	456
Systems development (1)	1,153	-	1,153	741
	$ 7,739	$ (3,467)	$ 4,272	$ 3,942

(1) Systems development projects initiated via the Achieving Better Customer Service Projects incurred expenditures of $446,000 in 2005 (2004 - $168,000). All of the project expenditures were capitalized and no business process improvements were expensed in the current year as was the case in 2004.

As of December 31, 2005, costs of $1,153,000 (2004 - $741,000) for the claims and assessments components of the project have been capitalized and will not be amortized until these system components are substantially complete.

As of December 31, 2005, costs of $504,000 (2004 - $470,000) for the financial system have been capitalized and are included in Computer systems and equipment. Amortization of the system began in 2003.

6. Benefits Liability

	2005 ($000s)				2004 ($000s)
	Medical Aid & Compensation	Pension	Annuity	Total	Total
Balance, beginning of year	$ 69,526	$ 22,427	$ 4,840	$ 96,793	$ 89,673
Add claims costs incurred:					
Current year injuries	11,834	-	-	11,834	11,323
Prior years' injuries (1)	7,059	1,400	960	9,419	8,220
	18,893	1,400	960	21,253	19,543
Less claims payments made:					
Current year injuries	2,372	-	-	2,372	2,225
Prior years' injuries	8,995	1,351	133	10,479	10,198
	11,367	1,351	133	12,851	12,423
Balance, end of year	$ 77,052	$ 22,476	$ 5,667	$ 105,195	$ 96,793

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2005	2004
Discount rate for medical aid benefits	1.50%	1.50%
Discount rate for compensation benefits	2.50%	2.50%
Discount rate for rehabilitaion	3.50%	3.50%
Discount rate for survivor and other pension benefits	3.50%	3.50%

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not practical to determine due to its long-term nature.

(1) In 2005, the Board of Directors approved a policy to establish the circumstances in which the Fund will provide lump sum payments to workers as allowed under pre-1993 workers' compensation legislation.

The lump sum payment in lieu of future periodic compensation payments is considered settlement in full of all compensation entitlement in respect of the claim. The worker may be allowed to receive additional medical treatment.

When the lump sum is paid, 10 percent of the present value of the future loss of earnings compensation is transferred to the annuity account of the Fund.

No lump sum payments were made in 2005 (2004 - $592,694). As of December 31, 2005, there are several applications outstanding for lump sum payments for a total of approximately $3.6 million.

7. Reserves

In 2005, the Board of Directors completed a review of the reserves structure and amended the funding policy, which provides for the establishment of two temporary funds (Prevention Fund and Rate Transition Fund) and two new reserves (Adverse Events Reserve and Stabilization Reserve). The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration. Once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

Until the end of 2004, the reserves were comprised of a prevention and benefit enhancement reserve, a target reserve, and a rate transition reserve. The total available for reserves was allocated as follows:

(i) Prevention and benefit enhancement reserve	The initial amount identified as at December 31, 1997 will be credited with interest at the same rate as the annuity liability
(ii) The target reserve has three components, funded as follows:	
Catastrophic claims	200 times the maximum wage rate
Adverse claims experience	16% of the unsubsidized assessment revenue plus 12% of the benefits liability
Occupational disease and enhanced disabilities including latent occupational diseases	7% of the benefits liability
(iii) Rate transition reserve	The rate transition reserve will be the balance in excess of the other reserves. If there is no excess then the balance will be zero and the overall deficiency in reserves will be identified.

Under the current funding policy, the two temporary funds and two reserves are established as follows:

(i) Prevention Fund

The Prevention Fund serves to provide funding for the start up costs of pre-selected accident prevention and workplace safety initiatives. It is initially established at $5.0 million and will not be replenished once depleted.

(ii) Rate Transition Fund

The Rate Transition Fund, which is initially established at $6.5 million and will not be replenished once depleted, is intended to provide temporary funding for the removal of employer assessment rate subsidies. The amount of the annual employer assessment rate subsidy (2005 - $4,578,000) is charged to this fund.

(iii) Adverse Events Reserve

The Adverse Events Reserve is established to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from sudden impact of the costs of these types of events. The target level for this reserve, which has been set at 100 times the maximum wage rate plus 10 percent of the benefits liability, is calculated annually upon completion of the actuarial valuation of the benefits liability (2005 - $17,219,500). Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve (2005 – nil). As this reserve is limited to its target level, funds in excess of the target level are transferred to the Stabilization Reserve (2005 - nil).

A funding deficiency exists when the reserve is below its target level (2005 - $839,000). In the event of a charge against this reserve and when a funding deficiency exists, the following steps will be taken to replenish the reserve to its target level:

- Any recovery of the costs charged to this reserve will be added to this reserve, up to the target level.
- Any surplus in the Stabilization Reserve will be transferred to this reserve to replenish it up to the target level, if possible.
- If the transfer from the Stabilization Reserve is not sufficient to replenish this reserve to the target level, the reserve will be replenished by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.
- In subsequent years, if a recovery or a surplus in the Stabilization Reserve becomes sufficient to replenish the reserve, any special assessment premium surcharge will be cancelled.

(iv) Stabilization Reserve

The Stabilization Reserve is established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to 10 percent of the benefits liability (2005 - $10,519,500). The operating range for this reserve is determined as the target level balance plus/minus 3.5 percent of the benefits liability. The annual operating surplus/deficit, net of any amounts charged to the temporary funds and the Adverse Events Reserve, is transferred to this reserve (2005 - $2,858,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range. Any surplus (determined as the difference between the reserve balance and its target level) is transferred to the Adverse Events Reserve, up to the target level if the latter reserve is below target. If the Adverse Events Reserve is at its target level and the balance of the Stabilization Reserve exceeds the upper threshold of the operating range, any surplus will be applied as an employer assessment premium rebate based on an established schedule as outlined in the funding policy.

A funding deficiency exists when the reserve balance is below its target level (2005 - $5,647,000). The amount of the deficiency is determined as the difference between the reserve balance and its target level. In the event that this reserve falls below the lower threshold of the operating range (2005 - $6,838,000), the following steps will be taken:

- Any surplus in the Adverse Event Reserve will be transferred to the Stabilization Reserve, up to the target level, if possible.
- Any remaining deficiency will be replenished up to the target level by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.

Reserves ($000s)	Balance, end of the year 2004	Opening Balance 2005	Charges to funds and current allocation to reserves	Balance, end of the year 2005	Target Level	Funding Deficiency
2005 Structure						
Prevention Fund		$ 5,000	$ -	$ 5,000		
Rate Transition Fund		6,500	(4,578)	1,922		
Adverse Events Reserve		16,380	-	16,380	$ 17,219	$ 839
Stabilization Reserve		7,731	(2,858)	4,873	10,520	5,647
2004 Structure						
Prevention & Benefit Enhancement Reserve	$ 10,663					
Target Reserve	33,962					
Rate Transition Reserve	-					
Deficiency in reserve funding	(9,014)	-				
Total Reserves	**$ 35,611**	**$ 35,611**		**$ 28,175**		

8. Employee Future Benefits

(a) Public Service Pension Plan

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2005 ($000s)	2004 ($000s)
Employees' contributions	$ 194	$ 165
Fund contributions	$ 412	$ 353

(b) Other Benefits

The liability for employee non-pension benefits, including vacation, sick, compensatory and personal leave, travel bonus and severance at December 31 was as follows:

	2005 ($000s)	2004 ($000s)
Accrued employee benefits, beginning of the year	$ 1,479	$ 1,650
Adjustments at the end of the year	-	(54)
Costs for the year	514	-
Payments made during the year	(523)	(117)
Accrued employee benefits, end of the year	$ 1,470	$ 1,479
Short-term portion, [included in accounts payable and accrued liabilities (note 3)]	$ 232	$ 483
Long-term portion	1,238	996
	$ 1,470	$ 1,479

The key assumptions used to calculate the accrued employee benefits are a liability discount rate of 7% (2004 – 7%) and an annual rate of general escalation in wages of 3% (2004 – 3%).

9. Related Party Transactions

(a) Normal Course of Business

As a statutory Corporation of the Government of Yukon (the Government), the board is related to all government departments, agencies and government corporations. The board enters into transactions with these entities in the normal course of business and the transactions are recorded at the exchange amount. All mainframe computer software is owned by the Government. The board has access to the Government of

Yukon's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

The Compensation Fund paid the Government $657,000 (2004 - $527,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund also reimbursed the Government for payroll costs of $5,788,000 (2004 - $4,706,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance (note 2c). Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon for the year ended December 31 were as follows:

	2005 ($000s)	2004 ($000s)
Assessments	$ 3,603	$ 2,852
Supplementary compensation benefits	$ 415	$ 394
Recoveries - Mine Rescue (note 9b)	$ 330	$ 857
Pre-93 claims costs	$ 223	$ 180

As at December 31, balances due to and from related parties were as follows:

	2005 ($000s)	2004 ($000s)
Due to Government of Yukon	$ 1,459	$ 1,332
Due from Government of Yukon - Recoveries (note 9b)	$ 396	$ 948
Due from Government of Yukon - Assessments	$ 198	$ 161

(b) Mine Rescue Recovery

On July 7, 2005, the Government of Yukon agreed that it owed the Fund a total amount of $857,544 as at December 31, 2004 for the Mine Safety Program, which was transferred to the board in 1993. This amount is comprised of recoveries for services provided by the board for management of the Mine Safety Program from 2001 to 2004, inclusive, and was included as recoveries and other receipts in 2004.

The Government also approved the reinstatement of ongoing funding for the Mine Safety Program through an annual grant to the board of $329,500, beginning in fiscal 2005. This funding is to be reviewed by the Government, at a minimum, every five years.

10. Commitments

The board has commitments for computer software development and maintenance fees, professional legal and medical services, contribution agreements, and office leases for the next five years and thereafter, in thousands of dollars, as follows:

	Computer software development	Professional Services Contracts	Contribution Agreements	Office Leases	Total
2006	$ 1,550	$ 377	$ 359	$ 13	$ 2,299
2007	30	280	280	7	597
2008	30	194	280	-	504
2009	30	169	280	-	479
2010	30	100	280	-	410
Thereafter	30	-	-	-	30
					$ 4,319

11. Administration and Prevention Expenses

	2005 ($000s)	2004 ($000s)
Salaries and benefits	$ 5,866	$ 4,781
Consulting and professional	758	690
Amortization	294	295
Board expenses	279	214
Communications	258	196
Buildings	248	255
Computer systems	187	170
Staffing and recruitment	187	73
General administration	165	227
Automobile and travel	135	150
Printing and publications	123	117
Supplies and stationery	56	36
Furniture and equipment	17	23
	$ 8,573	$ 7,227

12. Contingencies

The Fund is required to pay for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated and are not included in the benefits liability.

13. Comparative Figures

Certain prior year's figures have been reclassified to conform to the current year's presentation.